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CURRICULUM GRADES 10-12 DIRECTORATE

LEARNER RESOURCE MATERIAL

GRADE 12

BUSINESS STUDIES NOTES

2020

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ACKNOWLEDGEMENTS

- This document should serve as a guide and does not replace any CAPS policy documents, was developed for KZN Business Studies grade 12 teachers and learners.
- The content/notes are aligned to Examination Guidelines (2020).
- The NOTES provided in this document have been compiled by GAUTENG Department of Education.
- Previous NSC & SCE papers, textbooks, study guides, examination guidelines and other sources relevant to the subject were used.
- Textbooks, examination guidelines, study guides and all other relevant CAPS documents should be used together with this document.

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TERM ONE

TOPIC: IMPACT OF RECENT LEGISLATION ON BUSINESSES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

- Explain/Outline the purpose of each Act
- Outline/Discuss/Recommend the rights of the LRA on employers and employees/rights of consumer rights according to the NCA and CPA.
- Explain the National Skills Development Strategy and the Human Resource Development Strategy (i.e. Sector Education and Training Authorities).
- Outline/Explain the role of SETA's
- Explain how SETA's are funded.
- Discuss the impact of each Act on businesses.
- Outline the BBBEE pillars
- Explain the implications of BBBEE pillars on businesses.
- Explain penalties/consequences for non-compliance with the Acts.
- Outline/Explain actions regarded as discriminatory by the various Acts.
- Suggest/Recommend ways in which businesses can comply with the Acts.

Term	Definition
Skills Development Act/SDA	The main aim of this Act is to improve the skill levels of people who are already employed in the business.
Skills Development Levy/SDL	It was introduced to ensure that businesses contribute to the development of skills of employees.
PDI's	Previously Disadvantaged Individuals or designated group.
SETA's	SETA's were established in order to implement and monitor the implementation of the Skills Development Act.
Labour Relations Act/LRA	This Act was introduced to promote simple procedures for the resolution of labour disputes in the workplace.
Collective bargaining	Negotiations between employers' association and trade unions on matters such as wages/conditions of employment.
Collective agreement	Agreement between the employer organisations and trade unions.
Dispute	A disagreement between the employer and the employee
Bargain councils	It is formed by registered trade unions and employer organisations in order to prevent/resolve labour disputes.
Employment Equity Act/EEA	The main aim of this Act is to ensure that equal job opportunities are given to all people regardless of race/culture/language/age/religion/disability etc.
Affirmative Action	It was designed to ensure that suitable and qualified previously disadvantaged individuals are given equal job opportunities. Affirmative action forms part of the Employment Equity Act.

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Basic Conditions of Employment Act/BCEA	This Act sets the minimum standard for employment in order to promote fair labour practice.
Compensation for Occupational Injuries and Diseases	The Act gives employees who are injured or contract diseases while on duty the right to claim compensation.
Broad-Based Black Economic Empowerment	The Act was introduced in order to ensure full economic participation of previously disadvantaged individuals.
National Credit Act	This Act was introduced to protect consumers against unfair and reckless credit granting by businesses.
Credit providers	All businesses that offer goods and services on credit
National credit Regulator/NCR	The NCR is responsible for the *regulation* of the South African *credit* industry. This means that all businesses that offer good and services on credit must be registered with the NCR
Debt review/ Debt counselling	This is a debt solution targeted at South African consumers who are over indebted and struggling to manage their finances.
Consumer Protection Act	The main aim of this Act is to promote/protect the economic interests of consumers by providing them information so that they make informed choices.
Compliance	Acting according to a set of rules
Penalties	Punishment for doing something that is against a law.
Discriminatory actions	Treating a person/people differently, from the way in which you treat other people.

1 THE SKILLS DEVELOPMENT ACT

Purpose of the Skills Development Act

- Develops the skills of people in South Africa in order to improve productivity.
- Invests in education and training of workers.
- Improves the chances of getting a job for previously disadvantaged people
- Encourages workers to participate in learning programmes.
- Redresses imbalances of the past through education and training
- Encourages businesses to improve the skills of their workers.
- Improves the chances of getting a job for previously disadvantaged people.

Impact of the SDA on business

Positives/Advantages

- Trains employees to improve productivity in the workplace.
- Promotes self-employment and black entrepreneurship
- Increases the return on investment in education and training.
- Business could become globally more competitive.
- Increases the number of skilled employees in areas where these skills are scarce.
- Encourages on-going skills development and learning to sustain the improvement of skills development.
- Improves employment opportunities and labour movement of workers from previously disadvantaged groups.
- Workplace discrimination can be addressed through training.
- Workplace is used as an active learning environment where employees can gain practical job experience

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- BBBEE-compliant businesses can improve their products/service delivery as they employ more skilled workers.

AND/OR

Negative/Disadvantages

- Increases cost as the process requires a large amount of paper work.
- Implementation of the SDA can be difficult to monitor and control.
- Skills programmes may not always address training needs of employees.
- Skills Development Levy could be an extra burden to financially struggling businesses.
- It may be monitored and controlled by government departments that do not have education and training as their key priorities.
- The SETAs may not be well organised and many courses offered by companies may not have unit standards that relate to the course content.
- Many service providers that offer training services are that not SAQA accredited.
- Many businesses may not support this government initiative.
- Employees are expected to attend learnerships during work hours which could affect the production process/productivity.
- Costly for businesses to employ a person to implement, manage and control learnerships.
- The time and money spent on improving employee skills is wasted if they leave the business.

Discriminatory actions according to the SDA

- Preventing employees from signing for a learnership due to their age or position in the workplace.
- Unfair development of skills and training to certain employees.
- Developing a workplace skills plan which exclusively caters for certain race/gender.
- Prioritising only senior management for training and skills development programmes.

Penalties for non-compliance

- Businesses that do not pay the Skills Development Levy may not offer learnerships/claim grants from the SDA.
- A labour inspector could order the business to stop operating should the business be found guilty of illegal practices.

Ways in which businesses can comply with the SDA

- Employers who collect PAYE should register with SETAs.
- One per cent of an employer's payroll has to be paid over to the SETA.
- Businesses should register with SARS in the area in which their business is classified (in terms of the SETA).
- Employers should submit a workplace skills plan and provide evidence that it was implemented.
- Businesses with more than 50 employees must appoint a skills development facilitator.
- Assess the skills of employees to determine areas in which skills development are needed.
- Encourage employees to participate in learnerships and other training programmes.
- Provide all employees with the opportunity to improve their skills.
- Businesses should register with the relevant SETAs.

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Role/functions of SETAs

- Report to the Director General.
- Promote and establishes learnerships.
- Collect levies and pays out grants as required.
- Provide accreditation for skills development facilitators.
- Register learnership agreements/learning programmes.
- Approve workplace skills plans and annual training reports.
- Monitor/Evaluate the actual training by service providers.
- Allocate grants to employers, education and training providers.
- Oversee training in different sectors of the South African economy.
- Develop skills plans in line with the National Skills Development Strategy
- Draw up skills development plans for their specific economic sectors.
- Provide training material/programmes for skills development facilitators.
- Pay out grants to companies that are complying with the requirements of the Skills Development Act.
- Promote learnerships and learning programmes by identifying suitable workplaces for practical work experience.

Funding of SETAs

- Skills Development levies paid by employers e.g. 80% is distributed to the different SETA and 20% is paid into the National Skills Fund.
- Donations and grants from the public
- Surplus funds from government institutions
- Funds received from rendering their services.

National Skills Development Strategy and the Human Resource Development Strategy

National Skills Development Strategy	**Human Resources Development Strategy**
- Encourages good quality training in the workplace to ensure on-going development of skills.	- Addresses skills shortages in the South African workforce.
- Provides for the participation of government, organised business and labour.	- Aims at achieving faster economic growth/higher employment levels and reduced levels of poverty.
- Improves social development through economic development.	- Promotes social development/social justice and helps to alleviate poverty.
- Indicates how Sector Education and Training Authorities (SETAs) should use the money allocated from the Skills Development Levy.	- Develops short term and long term workforce skills.
- Increases/Improves access to training programmes.	- Improves the supply of skills.
- Builds/Provides career/vocational guidance/training centres.	- Increases employee participation in lifelong learning.

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2 LABOUR RELATIONS ACT/LRA

Purpose of the Labour Relations

- Provides a framework/structure for labour relations between employers and employees.
- Promotes collective bargaining at the workplace.
- Promotes workplace forums to accommodate employees in decision making.
- Establishes Labour Courts and Labour Appeal Courts.
- Promotes simple procedures for the registration of trade unions and employer organisations.
- Provides for the right to lock-out by the employer as a reaction to lengthy strikes.
- Promotes fair labour practice between the employers and employees.
- Clarifies the transfer of employment contracts between the existing and new employers.
- Advances economic development/social justice/labour peace to ensure that the workplace maintains the basic rights of employees.
- Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) for dispute resolutions.

Impact of the LRA on business

Positives/Advantages

- Promotes a healthy relationship between the employer and employees
- Protects the rights of businesses in labour related issues.
- Labour disputes are settled quicker and are less expensive.
- Protect employers who embark on lawful lock-outs when negotiations between parties fail.
- LRA provides for the principles of collective bargaining and puts structures in place with which disputes in the workplace can be settled.
- Provides specific guidelines for employers on correct and fair disciplinary procedures.
- Employers and employees have guidelines regarding correct and fair dismissal procedures.
- Provides mechanisms such as statutory councils/collective bargaining/ CCMA.
- Employers are entitled to compensation from the Labour Court if they suffered damages as a result of unprotected strikes.
- Workplace forums can add value to businesses if it functions properly.

AND/OR

Negatives/Disadvantages

- Productivity may decrease if employees are allowed to participate in the activities of trade unions during work time.
- Costs of labour increases because of legal strikes
- Reduced global competitiveness due to lower productivity
- Employers may have to disclose information about workplace issues to union representatives that could be the core of their competitive advantage.
- Employers may not dismiss employees at will, as procedures have to be followed.
- Some businesses may feel that the LRA gives employees too much power as it creates lengthy procedures, e.g. consulting with workplace forums.
- Employers may not get a court interdict to stop a strike.
- Strike actions always result in loss of production for which employers may not claim.
- Some trade unions may not promote the mandate of their members but embark on industrial action, which is harmful to labour relations between employers and employees.
- Many employees and employers do not understand/respect the Labour Relations Act.

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- Labour disputes and bargaining council processes become disruptive/ time consuming and can lead to a decrease in productivity in businesses.
- Many employees take advantage of the right to strike without acknowledging their responsibilities.

Discriminatory actions according to the LRA

- Promoting the interest of one trade union over others in the workplace.
- Dismissing employees from a racial group participated/engaged in an illegal strike action.
- Allowing only particular gender/age groups to be part of workplace forums.
- Granting leaves to attend union meetings/activities/programmes only to site stewards/union representatives.

Penalties for non-compliance with the LRA

- The employer may be forced to enter into a dispute resolution process.
- Businesses will be fined if they fail to comply with the agreements reached during the dispute resolution process.
- Businesses that fail to comply with this Act may risk financial costs e.g. legal/CCMA fees and fines.

Ways in which businesses can comply with the LRA

- Businesses must allow employees to form trade unions/participate in union activities/legal strikes.
- Allow/Support the establishment of workplace forums.
- Employees should not be unfairly/illegally dismissed
- Employers should not breach/ignore any collective agreement
- Disclose all relevant information required by trade union representatives to do their jobs effectively.

The rights of employers and employees according to LRA

Rights of employers

- Employers have the right to lockout employees who engage in unprotected/illegal strike/labour action.
- Form employer organisations.
- Form a bargaining council for collective bargaining purposes.
- Dismiss employees who are engaged in an unprotected strike/misconduct such as intimidation/violence during a strike action.
- Right not to pay an employee who has taken part in a protected strike for services/work they did not do during the strike.

Rights of employees

- Employees may join a trade union of their choice.
- Request trade union representatives to assist/represent employees in the grievance/disciplinary hearing.
- Trade union representatives may take reasonable time off work with pay, to attend to trade union duties.
- Embark on legal strikes as a remedy for grievances.
- Refer unresolved workplace disputes to the CCMA.
- Refer unresolved CCMA disputes to the Labour Court on appeal.

3 EMPLOYMENT EQUITY ACT /EEA

Purpose of the EEA

- This Act states that employees who do the same work (work of equal value) must be paid equally (equal pay).
- No discrimination on grounds of gender in the workplace.
- Promotes equal opportunity and fair treatment in the workplace.

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- -Provides for employees to refer unresolved disputes to the CCMA.
- Protects employees from victimisation if they exercise the rights given to them by the EEA.

Impact of the EEA on business

Positives/Advantages

- Promotes equal opportunity and fair treatment in the workplace
- Promotes the implementation of affirmative action measures to redress the imbalances in employment.
- Provides all employees with an equal opportunity to be selected/appointed/ promoted in a position.
- Provides employees with legal recourse if they believe they have been unfairly discriminated against.
- Motivates employees because the workforce is more diverse/representative/inclusive
- Encourages diversity in business by employing people from various racial backgrounds.
- Encourages consultation between employer and employees.
- Prevents unfair discrimination as it ensures that the workforce represents the demographics of the country.
- Businesses are in a better position to negotiate contracts with the government/Impacts positively of BEE ratings of businesses
- Certified psychometric tests may be used to assess applicants/employees to ensure that suitable.

AND/OR

Negatives/Disadvantages

- Increased administration burden, as businesses must compile/submit employment equity reports every two years.
- Expensive to train/employ someone who knows little about the Act.
- Fines/Penalties for non-compliant businesses may be expensive for the business.
- Employers have to appoint one or more senior managers to ensure the implementation of the plan, which increases salary expenditure
- Businesses must submit a compliance certificate before they can conduct business with state businesses
- Businesses are sometimes pressurised to appoint an unsuitable EE person to meet EE requirements
- Often positions go unfilled because there are no suitable EE candidates

Penalties for non-compliance with the EEA

- Businesses may be taken to the Labour Court for prosecution.
- Fines may be imposed on businesses that fail to comply with its reporting obligations.
- The Department of Labour may block non-compliant companies from doing business with the government.

Discriminatory actions according to the EEA

- Not employing a young woman/s because she would want to have children in future.
- Refusing to employ a person because he/she has strong religious beliefs/has a disability
- Doing HIV testing unless justified by the Labour Court.
- Denying people access to the workforce based on gender/race/culture/etc. and treating them unfairly.

Ways in which businesses can comply with the EEA

- Businesses must guard against discriminatory appointments.
- Promote equal opportunities and fair treatment
- Reasonable accommodation of people from designated group.

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- Ensure that there is equal representation of all racial groups in every level of employment.
- Submit the employment equity plan to the Department of Labour
- Retain designated groups, including skills development of such groups.
- Assess the racial composition of all employees, including senior management.
- Clearly define the appointment process, so that all parties are well informed.
- Use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed.
- Ensure that diversity/inclusivity in the workplace is achieved.
- Implement affirmative action measures to redress disadvantages experienced by designated groups.
- Prepare an employment equity plan in consultation with employees.
- Implement an employment equity plan.
- Assign one or more senior managers to ensure implementation and monitoring of the employment equity plan.
- Eliminate barriers that have an adverse impact on designated groups.
- Retain/Develop/Train designated groups, including skills development.
- Regularly report to the Department of Labour on progress in implementing the plan.

Basic Conditions of Employment Act/BCEA

Purpose of the BCEA

- Provides clear terms and conditions of employment for employers and employees.
- Set minimum requirements/standards for the employment contract.
- Regulates the right to fair labour practices as set out in the Constitution.
- Adheres to the rules and regulations set out by the International Labour Organisation.
- Regulates the variations of basic conditions of employment.
- Advance economic development and social justice.

Impact of the BCEA

Positives/Advantages

- Creates a framework of acceptable employment practices e.g., work hours, leave, etc.
- Promotes fair treatment of employees in business.
- Encourages consultation between employers and employees.
- Outlines minimum requirements that form the basis of employment contracts.
- Work hours are specified so that the employer cannot exploit employees.
- The rules and regulations are very specific, which clearly guides the employer on how to deal with employment issues.
- Employees are permitted to consult labour unions in cases where the BCEA conditions are violated. (Relationship with LRA)
- Employees may submit complaints to labour inspectors who can address it.

AND/OR

Negative/Disadvantages

- Developing/Drafting a formal/legal employment contract may be time-consuming/costly.
- Businesses may regard employment contracts negative and may not implement it, which result in non-compliance/penalties.
- No employer may force an employee to work more than 45 hours in a week. This may result in reduced productivity.

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- Hiring cheap labour is no longer possible, so businesses cannot exploit workers.
- BCEA forces businesses to comply with many legal requirements, which may increase labour costs.
- Businesses not complying to the Act, may be charged with high penalties, which may affect their cash flow negatively.
- Businesses may consider the provisions of the BCEA as unimportant and an unnecessary administrative burden that increase operating costs.

Discriminatory actions according to the BCEA

- Forbidding workers to discuss wages/salaries with co-workers.
- Preventing workers from having access to employment contracts.
- Refusing to accept a valid medical certificate of a sick worker.
- Refusing to grant a/some workers family responsibility leave to support a sick family member.
- Providing employment contract with different terms and conditions to employees offering the same job.

Penalties businesses may face for not complying with the BCEA

- Labour inspectors may serve a compliance order by writing to the Department of Labour
- The Director General may agree/change/cancel the compliance order.
- Labour inspectors may investigate/inspect/ask questions about complaints and remove records as evidence.
- Businesses may be taken to the labour court for a ruling.
- Businesses that are found guilty of non-compliance may face heavy fines/ penalties.
- They can be ordered to pay compensation and damages to the employee.

Ways in which businesses can comply with the BCEA

- Workers should only work 9 hours per day in a 5-day work week. /8 hours per day in a 6-day work week. /Overtime should not exceed 10 hours per week.
- They must have a break of 60 minutes after five hours of work
- Workers can take up to six weeks paid sick leave during a 36-month cycle
- Businesses should not employ children under the age of 16.
- Workers must receive double if they work during public holidays/Sunday

Provisions of the BCEA

Hours of work/Work hours

- Workers may not work for more than 45 hours in any week.
- Workers may work nine hours a day if they work five days or less per week/eight hours a day√ if they work more than five days a week.
- Night work performed after 18:00 and before 6:00 the next day by agreement, must be compensated by allowance/reduction of work hours.
- Ordinary work hours may be extended by agreement√ by a maximum of 15 minutes per day/maximum of sixty minutes per week to complete duties when serving the public.
- Ordinary work hours may be reduced√ to a maximum of 40 hours per week/8 hours per day.

Overtime

- Workers must agree to work overtime.
- Workers cannot work more than three hours overtime per day/10 hours per week.
- Overtime must be compensated as follows:

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- One and half times the normal rate of pay for overtime worked on week days and Saturdays.
- Double the normal rate of pay for overtime worked on Sundays and public holidays.
- Overtime must be paid either at specified rate for overtime or an employee may agree to receive paid time off.
- Minister of Labour may prescribe the maximum permitted working hours, including overtime, for health and safety reasons for a certain category of work.

LEAVE

TYPES OF LEAVE

Annual leave

Workers are entitled to:

- 21 consecutive days annual leave per year/One day for every 17 days worked√/One hour for every 17 hours worked.
- An employer can only pay a worker in lieu of leave if that worker leaves the job.

Sick leave

Workers are entitled to:

- Six weeks paid sick leave in a period of 36 months/1 day paid sick leave for every 26 days worked during the first six months of employment.
- A medical certificate may be required before paying an employee who is absent for more than two consecutive days/who is frequently absent.

Maternity leave

- A pregnant employee is entitled to four consecutive months' leave.
- A pregnant employee may not be allowed to perform work that is hazardous to her unborn child.
- The starting date is usually any time from four weeks before the expected date of birth or on advice of a doctor/midwife.

Family responsibility leave

- Three to five (3 to 5) days paid leave per year on request in the event of the death of the employee's spouse/life partner/parent/ adoptive parent/ grandparent/child/adoptive child/grandchild/sibling.
- An employer may require reasonable proof, before granting this leave.
- Male employees are entitled to a maximum of three/five day's paternity leave when his child is born.

Meal breaks and rest periods

- Workers must have a meal break of 60 minute after five continuous hours of work.
- This can be reduced to 30 minutes by written agreement, when working less than 6 hours per day.
- A worker must have a daily rest period of 12 continuous hours/a weekly rest period of 36 continuous hours which must include Sundays.

Public holidays

- Workers must be paid for any public holidays that fall on a working day.
- Work on public holidays is by agreement and paid at double the rate.

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Termination of employment

- A contract of employment may only be terminated following one week's notice, if the worker has been employed for six months or less.
- A minimum of four weeks' notice must be given, if the worker has been employed for a year or longer.
- The employee must be given notice in writing.
- An employee who is retrenched/ dismissed for restructuring reasons is entitled to one week's severance pay for every year of service.

Child and forced labour

- It is illegal to employ a child younger than 15 years of age.
- It is also illegal to force someone to work.
- Businesses may employ children over the age of 15 years, if employment is not harmful to their health/well-being/education/moral and social development/ minors under 18 years of age may not do dangerous work/work meant for an adult.

Compensation for Occupational Injuries & Diseases Act/COIDA

Purpose of COIDA

- Provides a comprehensive protection to employees who injured in the course of performing their duties.
- COIDA applies to all casual and full-time workers who become ill/injured/ disabled/killed due to a workplace accident/disease
- It excludes workers who are guilty of wilful misconduct/workers working outside South Africa for at least twelve months/members of the SA Defence Force/Police services.
- It provides for the establishment of a Compensation Board whose function is to advise the Minister of Labour on the application/provisions of COIDA.

Impact of the COIDA on businesses

Positives/Advantages

- Promotes safety in the workplace.
- Creates a framework for acceptable employment practices and safety regulations.
- Supply administrative guidelines/mechanisms for dealing with/processing claims.
- Eliminates time and costs spent on lengthy civil court proceedings.
- Employers are protected from financial burden should an accident occur in the workplace provided that the employer was not negligent
- Claiming processes are relatively simple.
- Makes businesses more socially responsible as they cannot just employ workers at random in dangerous working conditions.
- Workers are treated with dignity and respect as businesses view them as valuable assets and not just as workers.
- Covers all employees at the workplace if both parties meet all the necessary safety provisions in the Act.
- Employees do not contribute towards this fund.
- Employees are compensated financially for any injury/disability resulting from performing their duties at their workplace.
- In the event of the death of an employee as a result of a work-related accident/ disease, his/her dependent(s) will receive financial support.

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- Employees receive medical assistance provided there is no other medical assistance option/Cannot claim medical assistance from the fund and medical aid.
- Any compensation to an employee/the family is exempt from income tax.
- Medical expenses/Other types of compensation are paid to employees and/or their families depending on the type/severity of the injuries.
- Employers have to pay a monthly amount to the Compensation Fund depending on the number of employees/the level of risk they are exposed to.

AND/OR

Negative/Disadvantages

- Claiming processes can be time consuming.
- Procedures required by this Act may be costly as paperwork places an extra administrative burden on businesses.
- Implementation processes/procedures required by the Act may be expensive.
- Employers have to register all their workers/make annual contributions to COIDA, which may result in cash flow problems.
- Employers may be forced to pay heavy penalties if they are found guilty of negligence/not enforcing safety measures.
- Workers who are temporarily/permanently employed in foreign countries are not covered.
- Domestic/Military workers are not covered.

Discriminatory actions according to COIDA

- Preventing employees from a specific racial group/gender in reporting the accident/injury.
- Providing protective clothing to only to male employees.
- Delaying the submission of claim forms for an injured employee who regularly report late for work.

Penalties for non-compliance with COIDA

- Businesses can be fined for refusing to lodge the claim/contravening the Act.
- Businesses can be forced to make large payments if it did not take the necessary precautions according to the Act.
- They may be forced to pay any recovery costs required by the Compensation Fund.
- Employees may take businesses to court for not registering them with the Commissioner of the Compensation Fund.
- If businesses are found guilty of any misconduct, they will have to pay large penalties/face imprisonment.

Ways in which businesses can comply with the COIDA

- Businesses should provide a healthy/safe working environment.
- Register with the Compensation Commissioner and provide the particulars of the business.
- Keep records of employees' income and details of work for four years.
- Report all incidents causing death/injury/illness of employees.
- Submit returns of earnings by no later than 1 March annually.
- Levies must be paid to the Compensation Fund.
- Ensure that the premises/equipment/machinery is in good working condition.
- Allow regular assessment of the workplace by inspectors in order to determine the level of risk their employees are exposed to.

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- Employers may not make deductions for COIDA from employees' remuneration packages.
- Businesses must ensure that claims are lodged within twelve months of the date of the accident.

BROAD BASED BLACK ECONOMIC EMPLOYMENT ACT/BBBEE

Purpose of BBBEE

- Enable wealth to be spread more broadly across all population groups.
- Outline areas that would give the government a platform for bringing equitable spread of wealth.
- Allows for the development of Codes of Good Practice.
- It aims at targeting inequality in the South African economy.

Impact of the BBBEE on businesses

Positives/Advantages

- Encourages businesses to address the demands for redress/equity directly.
- Provides a variety of business codes to improve employment equity.
- A good BEE rating improves the image of the business.
- Promotes enterprise development, by developing entrepreneurial skills of PDI's.
- Businesses that comply with BBBEE regarding the pillars will be rated high on the BEE scorecard/may get government tenders/may attract other BBBEE business partners/-suppliers.
- Encourages businesses to address the demands for redress/ equity directly.
- Provides for human resources development through training and development.
- Promotes enterprise development, by developing entrepreneurial skills of designated people to start their own businesses.
- Businesses will have a good overview on how it is performing in comparison to other businesses in the rest of the country.
- By focusing on BBBEE, the business will show commitment towards the social/education/economic developments in the community/country.
- Once rated, the business will understand how to develop BBBEE strategies that will increase its BBBEE ratings on an annual basis.
- Fronting is discouraged, as it may lead to the disqualification of a business's entire scorecard/BBBEE status.
- Share prices of BBBEE compliant businesses are likely to increase as they attract more business.
- Businesses that support Small, Micro, Medium Enterprises (SMMEs), may increase their own BBBEE ratings
- Complying with BBBEE requirements gives businesses experience/exposure to be able to provide better employment opportunities/staff development.

AND/OR

Negative/Disadvantages

- Businesses that want to do business with the government must have their BEE status assessed annually.
- Processes may lead to corruption/nepotism if not monitored properly.
- Investment/Ownership issues can cause unhappiness amongst existing share-holders/owners.
- Businesses have to go through the process of having their BBBEE compliance measured/verified by an independent BEE verification agency.
- Provides for preferential procurement, so certain businesses may be excluded from supplying goods/services.
- Many businesses have been disadvantaged due to BBBEE ratings as they may not be able to meet all the scoring.
- Processes and procedures may be costly for a business as there are many legal requirements for scoring enough points to be compliant.
- Businesses could experience large financial implications/penalties if they do not comply with BBBEE.

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rating.

- Investment/Ownership issues can cause unhappiness between existing shareholders.

Discriminatory actions according to BBBEE

- Giving preferential procurement to businesses owned by certain racial group.
- Organising social responsibility programmes for a specific cultural group in the community.
- Implementing enterprise and supplier development programmes that caters for specific gender/age group.
- Structuring of management positions along racial lines.
- Offering shareholding opportunities to specific gender/racial groups.

Penalties for non-compliance with the BBBEE

- Businesses may face imprisonment for non-compliance and fronting practices.
- The penalty could be a fine of up to 10% of the company's annual turnover.
- A business can be banned from participating in government contracts for a period of 10 years.
- Business licenses may not be renewed and authorisations may not be issued
- Government will cancel any contract awarded that was based on false information regarding B-BBEE status.
- Businesses that fail to achieve at least a minimum 40% of compliance with ownership, skills development and new enterprise and supplier development will be automatically downgraded the by one level.

Ways in which businesses can comply with the BBBEE

- Businesses must appoint black people in managerial positions
- Businesses must sell shares to black employees/people.
- Send black people for black for skill development training.
- Outsource their services to BEE compliant suppliers.
- Implement affirmative action when making appointments.
- Develop small business /SMME's through ESD.
- Improve the standard of living of the communities in which they operate.

BBBEE PILLARS

OLD PILLARS	REVISED PILLARS
Management	Management control
Employment Equity	
Skills development	Skills development
Ownership	Ownership
Preferential procurement/Supplier development	Enterprise and supplier development (ESD)
Enterprise development	
Social responsibility	Socio-economic development/social responsibility

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IMPLICATIONS OF BBBEE PILLARS ON BUSINESSES

Management control

- Business must ensure that transformation is implemented at all levels.
- Appoint black people in senior executive positions/to management.
- Involve black people in the decision-making processes.
- Ensure that black females are represented in management.
- Businesses score points in both management and ownership when selling more than 25 % of their shares to black investors so that some of them can become directors.
- Due to a shortage of skilled black managers/directors, some businesses find it difficult to make appointments.
- Businesses are directly penalised for not implementing this pillar.

Skills development

- Business must engage black employees in skills development initiatives.
- Provide learnerships and learning programmes to black employees.
- Business must contribute 1% of their payroll to fund the skills development programmes.
- Business benefits from the increased pool of skilled/trained workers.
- Business must go the extra mile to train staff where learnerships are not offered.
- Productivity is compromised as mentors/coaches have to find the time to participate in learnerships/training.

Ownership

- Business should include black people in shareholding/partnerships/franchises.
- Exempted Micro Enterprises (EMEs) with an ownership of 50% or more of black people are promoted to level 3 of the BEE scorecard.
- More opportunities are created for black people to become owners/ entrepreneurs.
- Encourage small black investors to invest in big companies and share ownership.
- Large businesses should form joint ventures with small black owned businesses and share business risks.
- Businesses sometimes find it difficult to locate suitable black business partners/ shareholders.
- Many black people cannot afford shares in companies/contributions to partnerships.

Enterprise and supplier development (ESD)

- Business must create jobs as ESD promotes local manufacturing.
- Businesses are encouraged to invest/support black owned SMMEs.
- Contribution can be monetary, e.g. loans/investments/donations.
- Contribution can be non-monetary, e.g. consulting services/advice/entrepreneurial programmes, etc.
- Outsource services to suppliers that are BBBEE compliant.
- Identify black owned suppliers that are able to supply goods and services.
- Develop the business skills of small/black owned suppliers, e.g. sales techniques, legal advice, etc.
- Support the cash flow of small suppliers by offering them preferential terms of payment.
- Businesses should invest in/support black owned SMMEs.
- SMMEs will be encouraged to use their own business initiatives to make them sustainable.
- Develop and implement a supplier development plan/supply chain.

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- Small/Large businesses may not be able to afford enterprise development investment/support.
- Black owned SMMEs may become too reliant on support from other businesses/ unable to take their own initiatives.
- BBBEE suppliers may be without good workmanship.
- Smaller businesses that are not BBBEE compliant lose business.
- Businesses are forced to choose from a smaller pool of suppliers.

Social responsibility/Socio-economic development

- Businesses should focus on critical areas which can affect growth and development in communities where they operate. e.g. environmental awareness/education/ housing, poverty/unemployment etc.
- They should distribute scarce CSI resources to selected beneficiaries in the community.
- Plan and budget for CSI projects.
- Form task teams who will be directly responsible/dealing with issues of social development.
- Implement triple bottom line principles as part corporate citizenship.

National Credit Act

Purpose of the NCA

- Promotes the social and financial interest of consumers.
- Promote a fair but competitive credit market.
- Ensure that consumers know what is included in their credit contracts.
- Prevent discrimination and ensure credit is available to all consumers.
- Makes provision for the establishment of the NCR.
- Ensure registrations of credit bureau and debt counselling services.

Impact of the NCA on businesses

Positives/Advantages

- The whole credit process is transparent e.g. both businesses and customers know their responsibilities
- Authorised credit providers may attract more customers.
- Lower bad debts resulting in better cash flow.
- Increases cash sales as credit can only be granted to qualifying customers
- Protects businesses against non-paying consumers.
- Stamps out reckless lending and prevents businesses from bankruptcy.
- Businesses do thorough credit checks and receive up-to-date documentation from the consumer as proof that they can afford the repayment.
- Leads to more customers through credit sales as they are now protected from abuse.
- Credit bureau information is made available to businesses so that they can check the credit worthiness of consumers before granting credit.

AND/OR

Negative/Disadvantages

- Businesses can no longer carry out credit marketing.
- Leads to loss of sales as many consumers may no longer qualify to buy on credit.
- The paperwork and administrative process required by the act are costly and time consuming.

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- The business needs to appoint additional staff to deal with the extra administration.
- Should the credit agreement be declared reckless the business can forfeit the outstanding debt and the goods.
- Businesses that are official credit providers, must submit a compliance report every year.
- A business must make sure that all attempts have been made to recover the debt before blacklisting the customer.
- Debt collection procedures are more complex and expensive.
- Credit providers cannot collect from consumers who are under debt reviews.
- Increases the administration burden on credit providers.
- More working capital is needed as businesses cannot sell many goods on credit due to stricter credit application processes.
- Fewer customers buy on credit as it is more difficult to obtain credit.
- Businesses struggle to get credit such as bank loans/overdrafts.
- Businesses that do not comply with the NCA may face legal action.

Discriminatory actions according to the NCA

- Refusing credit to customers based on gender/race.
- Charging different interest rates to customers based on gender/race
- Blacklisting customers along racial lines without making efforts to recover the debt.

Penalties/consequences for non-compliance with the NCA

- The court may declare the granting of credit by the business reckless and may order consumers not to repay the credit/or part thereof to the business.
- The business may not demand payment, sue or attach the clients/consumers salaries/assets.
- The business may not charge any fee/interest/other charges under that specific credit agreement.
- The National Credit Regulator may impose a fine/penalty on the business for non-compliance.
- The business will bear all costs of removing the negative information of clients/ consumers who were blacklisted as a result of reckless lending.

Ways in which businesses can comply with the NCA

- Credit providers must be registered with the National Credit Regulator.
- Businesses must submit an annual compliance report to the National Credit Regulator.
- Conduct affordability assessment to ensure the consumer has the ability to meet his/her obligation.
- Conduct a credit check with a registered credit bureau and could also consult the National Credit Register.
- Credit providers must have procedures in place to comply with the provision of the Financial Intelligence Centre Act (FICA).
- Verify the identity of clients, report suspicious transactions/train staff on their obligations in terms of FICA.
- Disclose all costs of loan/No hidden costs should be charged/added.

Consumer rights in term of the NCA

Consumers have a right to:

- Apply for credit and to be free from discrimination.
- Obtain reasons for credit being refused
- Receive pre-agreement documentation before concluding any credit transaction.
- Fair and responsible marketing.
- Choose which goods they will buy and return such goods if they are not satisfied.
- Receive Information in plain and understandable language.

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- Receive documents as required by the Act.
- Access and challenge credit records and information.

8 Consumer Protection Act

Purpose of the Consumer Protection Act

- Promote and protect the economic interests of consumers by providing access to information.
- Promotes fair/accessible and sustainable places for people to sell their products
- Establishes national standards to protect consumers
- Provides guidelines for better consumer information and to prohibit unfair business practices
- Promotes responsible consumer behaviour
- Promotes consistent laws relating to consumer transaction and agreement
- Establishes a National Consumer Commission (NCC)
- Ensures that consumers have access to information they need to make informed choices
- Promotes the rights and full participation of historically disadvantaged individuals as consumers
- Ensures that consumers are not misled/deceived by suppliers of goods/services
- Promotes consumer safety by protecting them from hazardous products/services
- Strengthens a culture of consumer rights and responsibilities.
- Empowers consumers to take legal action if their rights are not upheld
- Protects consumers against contracts that include unfair terms which limit the liability of suppliers
- Protects consumers against unscrupulous businesses such as fly-by-night franchisors
- Allows for consumers and businesses to resolve disputes fairly/effectively

Impact of the CPA on businesses

Positives/Advantages

- Enables businesses to resolve disputes fairly through the National Consumer Commission/Consumer Court/Industrial ombudsmen
- Businesses may build a good image if they ensure that they do not violate consumer rights.
- May gain consumer loyalty, if they comply with CPA.
- Businesses may be safeguarded from dishonest competitors.
- Businesses may be protected if they are regarded as consumers
- Prevents larger businesses from undermining smaller ones.

AND/OR

Negatives/Disadvantages

- Confidential business information may become available to competitors
- They have to disclose more information about their products and processes/services
- Businesses may feel unnecessarily burdened by legal processes
- Penalties for non-compliance may be very high
- Staff need to be trained /Legal experts need to be consulted, which can increase costs
- Many business documents need to be simplified /revamped at extra cost as consumers have a right to receive contracts in simple/understandable language.
- Administration costs increase as legal contracts need to be worded in plain language /pitched at the level of the consume.

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- Businesses may need insurance against claims from consumers /provisions in the Act increase risks for unforeseen claims and lawsuits
- Businesses have to replace/repair faulty items/refund money if the fault occurs within six months after purchase.
- Supply chain management in stock levels will have to change, as defective goods have to be replace within six months at the request of the consumer
- Information technology systems need to be improved as the retailer must keep more detailed records of interactions with consumers /be able to report to the National Consumer Commission.

Discriminatory actions according to the CPA

- Providing product/service information to specific group of customers
- Varying the quality of goods/prices of goods when selling in different areas.
- Prioritising specific consumer group over another when marketing/selling products.
- Offering after sale/customer care services to a certain gender/age/race.

Penalties for non-compliance with the NCA

- A contract may be rendered void or a fine or term of direct imprisonment may be imposed.
- Businesses may face fines or imprisonment for a period not exceeding 10 years.
- Government agencies may conduct audits, enact fines or even dissolve your business entirely.
- Businesses will be forced to compensate consumers in line with the extent to which their rights have been violated.

Ways in which businesses can comply with the CPA

- Disclose prices of all products on sale.
- Provide adequate training to staff on the CPA.
- Ensure that goods/services offered are standardised/of the same quality.
- Comply with the requirements regarding promotional competitions.
- Display the name of the business on all business documents, e.g. invoices/contracts.
- All agreements must provide for a five-day cooling off period.
- Comply with requirements regarding the display of information on labels/ packaging
- Provide adequate training to staff on the CPA.
- Bundling of goods/services should benefit consumers, e.g. offering a cell phone and a tablet at a special price.
- Implement measures that will facilitate complaints, e.g. suggestion boxes.

Consumer rights of the Consumer Protection Act

Right to choose

Consumers have the right to:

- choose suppliers and/or goods.
- shop around for the best prices.
- reject goods that are unsafe/defective for a full refund.
- cancel/renew fixed term agreements.
- request written quotations and cost estimates.

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Right to privacy and confidentiality

- Consumers have the right to stop/restrict unwanted direct marketing.
- They can object to unwanted promotional e-mails/telesales.
- They have the right to stop/lodge complaints about the sharing of their personal details.

Right to fair and honest dealings

- Suppliers may not use physical force or harass customers.
- Suppliers may not give misleading/false information.
- Businesses may not promote pyramid schemes and/or chain-letter schemes
- Businesses may not overbook/oversell goods/services and then not honour the agreement.

Right to information about products and agreements/Right to disclosure and information

- Contracts and agreements should be in plain language and easy to understand.
- Businesses should display prices which are fully inclusive disclosing all costs.
- Consumers may request the unit and bulk price of the same product.
- If two prices for the same product are displayed, consumers should pay the lower price.
- Businesses should label products and trade descriptions correctly.

Right to fair/responsible marketing/promotion

- Businesses should not mislead consumers on pricing, benefits/uses of goods.
- Consumers may cancel purchases made through direct marketing within five working days/cooling off-period.
- All information related to the country of origin/expiry dates/ingredients of the products should be disclosed/clearly labelled.

Right to accountability from suppliers

- Consumers have the right to be protected in lay-bye agreements.
- Businesses should honour credit vouchers and prepaid services.

Right to fair/just/reasonable terms and conditions

- Businesses should provide consumers with written notices of clauses that may limit consumer rights.
- Businesses may not market/sell goods at unfair prices.

Right to equality in the consumer market place

- Businesses should not limit access to goods and services.
- Quality of goods may not vary when supplied to different consumers.
- Businesses may not charge different prices for the same goods/services.
- No discrimination should occur when businesses market products and services in different areas/places.

Right to return goods/have goods replaced/claim a refund

- Goods that are unsafe/ defective may be replaced by the supplier.
- Faulty items may be returned for a full refund.
- They may return faulty items if the fault occurs within six months after purchasing the item.

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- Consumers may use various methods/channels to complain about poor quality goods/services.
- They can complain via customer care desks/consumer hotlines/ombudsman etc.

Right to privacy/confidentiality

- Consumers have the right to stop/restrict unwanted direct marketing.
- They can object to unwanted promotional e-mails and telesales.
- They have the right to stop/lodge complaints about sharing personal details.

Right to fair value/good quality/safety

- Consumers may demand quality services/goods.
- They may receive an implied/written warranty.
- Cancel /renew fixed term agreements.
- To be informed about hazardous/dangerous products
- Reject goods that are not the same as the sample marketed
- Return faulty items if the fault occurs within six months after purchasing the item

Right to fair/honest dealings

- Suppliers may not use physical force/harass customers.
- They may not give misleading/false information about the product/service/ transaction.
- Businesses cannot promote pyramid/chain-letter schemes.
- Businesses may not overbook/oversell goods/services and then not honour the agreement.

Right to fair value/good quality/safety

- Consumers may demand quality services/goods.
- They may receive an implied/written warranty.
- Cancel /renew fixed term agreements
- To be informed about hazardous/dangerous products
- Reject goods that are not the same as the sample marketed
- Return faulty items if the fault occurs within six months after purchasing the item

TOPIC: HUMAN RESOURCES
CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
HUMAN RESOURCE ACTIVITIES
RECRUITMENT

- Explain/Elaborate on the meaning of recruitment.
- Outline/Discuss/Explain the recruitment procedure.
- Explain the meaning of a job analysis
- Distinguish/Explain the differences between job description and job specification as components of a job analysis
- Identify job description and job specification from given statements/scenarios
- Discuss/Explain the impact of internal and external recruitment. (Recruitment methods/types)
- Identify methods/types of recruitment from given scenarios/state
- Give examples of sources of internal and external recruitment.

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SELECTION

- Outline/Discuss/Explain the selection procedure.
- Explain the meaning of screening as part of the selection procedure.
- Discuss/Explain the purpose of an interview.
- Outline/Explain/Discuss the role of the interviewer before and during the interview.
- Outline/Explain/Discuss the role of the interviewee during the interview.
- Define/Elaborate on the meaning of an employment contract.
- Outline/Explain/Discuss the legal requirements/legalities of the employment contract.
- Evaluate an employment contract from given scenario and make recommendations for improvement.
- Outline/Discuss the details/aspects/contents of an employment contract.
- Outline/Discuss/Explain the reasons for the termination of an employment contract.

INDUCTION

- Define/Elaborate on the meaning of induction
- Discuss/Explain the purpose of induction.
- Discuss/Explain the advantages/benefits of induction.
- Outline aspects that must be included in the induction programme.
- Evaluate an induction programme from given scenarios and make recommendations for improvement.

PLACEMENT

- Outline/Explain the placement procedure
- Discuss/explain the importance of training/skills development in HRM

FRINGE BENEFITS

- Distinguish/Explain the differences between piece meal and time-related.
- Explain the link between salary determination and the Basic Conditions of Employment Act.

COMPULSORY BENEFITS

- Outline/Give examples of employee benefits e.g.
  - Pension
  - Medical aid
  - Provident fund
  - Allowances
- Compulsory benefits:
- Benefits required by law, e.g. UIF, etc.
- Explain/Discuss/Evaluate advantages/positives and/or disadvantages/negatives of fringe benefits to business.

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ACTS

- Discuss the implication of Acts like the LRA/ BCEA/EEA/SDA on the human resources function.

TERMS AND DEFINITIONS

Term	Definition
Job analysis	The term "job analysis" refers to the components of job description and job specification as it relates to employees within an organisation.
Job description	Describes the duties and responsibilities of a specific job.
Job specification	Describes the minimum acceptable personal qualities/skills/ qualifications needed for the job.
Recruitment	Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for it.
Internal recruitment	Refers to the use of internal sources to advertise vacancies within an organisation.
External recruitment	Refers to the use of external sources to advertise vacancies within an organisation.
Interview	Refers to a conversation between a job applicant and a representative of an employer which is conducted to assess whether the applicant should be hired for a vacancy.
Interviewer	Refers to the representative of an employer conducting the interview.
Interviewee	Refers to the job applicant who made himself available for the interview after being shortlisted.
Induction	Refers to the process of introducing new employees to the business and its related aspects.
Placement	Process whereby a new employee is placed in a vacant position.
Training/Skills development	Refers to the acquisition of new skills and knowledge.by employees.
Retrenchment	Process whereby an organisation reduces the number of employees for operational reasons.
Employment contract	Oral or written agreement specifying terms and conditions under which a person consents to perform certain duties in return for an agreed upon wage or salary.
Piece-meal salary determination	Workers are paid according to the number of items/units produced.
Time-related salary determination	Workers are paid for the amount of time they spend at work/on a task.
Fringe benefits	Compensation beyond a regular wage or salary to an employee, which are exempt from taxation as long as certain conditions are met.
Compulsory benefits	Refers to benefits that businesses are legally required to offer its employees.

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UIF	The fund offers short-term financial assistance to workers when they become unemployed or are unable to work because of illness, maternity or adoption leave.
BCEA	This Act regulates labour practices and sets out the rights and duties of employees and employer.
LRA	Ensures social justice by establishing the rights and duties of employers and employees in the workplace.
EEA	Requires employers to engage in proactive employment practices to increase the representation of designated groups in the workplace.
SDA	This act regulates the improvement of the skills of workers by promoting education and training in the workplace.

HUMAN RESOURCES ACTIVITIES

RECRUITMENT

Meaning of recruitment

- Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for it.
- It aims at finding candidates who have the necessary knowledge/ experience/ qualification to fill the vacancy.
- Businesses may choose to use an internal or external method of recruitment depending on the nature/requirements of the vacancy.
- It is an on-going process as employees leave their jobs for other jobs/get promoted /retire/as new technological skills are required.

Recruitment procedure

- The human resource manager (HRM) should prepare the job description in order to identify recruitment needs.
- HRM should indicate the job specification/description/key performance areas to attract suitable candidates.
- Prepare a job analysis, which includes job specification and job description.
- A decision whether to recruit internally should be made to identify suitable candidates from within the business.
- If internal recruitment is unsuccessful, external recruitment should be considered.
- If the external recruitment is done, the relevant recruitment source should be selected, e.g. recruitment agencies, tertiary institutions, newspapers,
- The advertisement should be prepared with the relevant information, e.g. the name of the company, contact details, contact person, etc.
- Place the advertisement in the appropriate media that will ensure that the best candidates apply.

Differences between job description and job-specification

JOB DESCRIPTION	JOB SPECIFICATION
• Describes duties/responsibilities of a specific job/summary of the nature /type of the job.	• Specifies the minimum acceptable personal qualities/ skills/ qualifications needed for the job.
• Written description of the job and its requirements	• Written description of specific qualifications/ skills/ experience needed for the job.
• Describes key performance areas/ tasks for a specific job, e.g. job title/working conditions/relationship of the job with other jobs in the business, etc.	• Describes key requirements of the person who will fill the position, e.g. formal qualifications/willingness to travel/work unusual hours, etc.

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INTERNAL RECRUITMENT AND EXTERNAL RECRUITMENT

INTERNAL RECRUITMENT

- Refers to the use of internal sources to advertise vacancies inside the business. The following **SOURCES of internal recruitment** can be used:

Sources of Internal recruitment

- Internal e-mails/Intranet/web sites to staff
- Word of mouth
- Business newsletter/circulars
- Internal/management referrals
- Notice board of the business
- Internal bulletins
- Recommendation of current employees
- Head hunting within the business/organisational database.

IMPACT OF INTERNAL RECRUITMENT

Positives/Advantages

- Cheaper/Quicker to fill the post.
- Placement is easy, as management knows the employees' skills/personality/ experience/strengths.
- Provides opportunities for career paths within the business.
- The employee already has an understanding of how the business operates./ Induction/Training is not always necessary.
- Reduces the chances of losing employees, as future career prospects are available.
- Detailed, reliable information can be obtained from the supervisors/ Employee records.

AND/OR

Negative/Disadvantages

- The promotion of an employee could cause resentment among other employees.
- The number of applicants from which to choose is limited to existing staff only.
- It is possible to promote certain employees who do not really have the required skills for the new job.
- It may close the door to new ideas from outsiders.
- The business has to spend more money on training/developing existing employees on the new position.
- Employees who are not promoted may feel demotivated.

EXTERNAL RECRUITMENT

- Refers to the use of external sources to advertise vacancies outside the business. The following **SOURCES of external recruitment** can be used:

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Sources of external recruitment

- Recruitment agencies
- Bill boards
- Printed media, e.g. newspapers/flyers
- Electronic media, e.g. radio/TV
- Social media/Social networks/Internet/Business websites
- Recruitment agencies
- Walk-ins
- Head hunting
- Professional associations
- Networking
- Educational/Training institutions
- Posters just outside the business

IMPACT OF EXTERNAL RECRUITMENT

Positives/Advantages

- New candidates bring new talents/ideas/experiences/skills into the business.
- There is a larger pool of candidates to choose from.
- There is a better chance of getting a suitable candidate with the required skills/qualifications/competencies who do not need much training/ development which reduce costs.
- It may help the business to meet affirmative action and BBBEE targets.
- Minimises unhappiness/conflict amongst current employees who may have applied for the post.

AND/OR

Negatives/Disadvantages

- External sources can be expensive, e.g. recruitment agencies' fees/advertisements in newspapers/magazines.
- The selection process may not be effective and an incompetent candidate may be chosen.
- Information on CV's/referees may not be reliable.
- Recruitment process takes longer/is more expensive as background checks must be conducted.
- New candidates generally take longer to adjust to a new work environment.
- In-service training may be needed which decreases productivity during the time of training.
- Many unsuitable applications can slow down the selection process.

2.2 SELECTION

Selection procedure

Option 1

- Determine fair assessment criteria on which selection will be based.
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications, etc.
- Sort the received documents/CVs according to the assessment/selection criteria.
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest.

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- Preliminary interviews are conducted if many suitable applications were received.
- Reference checks should be made to verify the contents of CV's, e.g. contact previous employers to check work experience.
- Compile a shortlist of potential candidate's identified.
- Shortlisted candidates may be subjected to various types of selection tests e.g. skills tests, etc.
- Invite shortlisted candidates for an interview.
- A written offer is made to the selected candidate.
- Inform unsuccessful applicants about the outcome of their application./Some adverts indicate the deadline for informing only successful candidates.

Option 2

- Receive documentation, e.g. application forms and sort it according to the criteria of the job.
- Evaluate CVs and create a shortlist/Screen the applicants.
- Check information in the CVs and contact references.
- Conduct preliminary sifting interviews to identify applicants who are not suitable for the job, although they meet all requirements.
- Assess/Test candidates who have applied for senior positions/to ensure the best candidate is chosen.
- Conduct interviews with shortlisted candidates.
- Offer employment in writing to the selected candidate(s).

Screening as part of the selection procedure

- Check application documents against the requirements of the job.
- Candidates who meet the minimum requirements are separated from others.
- Do background/credit/reference checks of applicants who qualify for the job.
- Prepare a shortlist of suitable candidates after screening.

Purpose of an interview

- Obtains information about the strengths and weaknesses of each candidate.
- Helps the employer in choosing/making an informed decision about the most suitable candidate.
- Matches information provided by the applicant to the job requirements.
- Creates an opportunity where information about the business and applicant can be exchanged.
- To determine a candidate's suitability for the job.
- Evaluate the skills and personal characteristics of the applicant

Role of the interviewer BEFORE the interview

- The interviewer should develop a core set of questions based on the skills/knowledge/ ability required.
- Check/read the application/verify the CV of every candidate for anything that may need to be explained.
- Book and prepare the venue for the interview.
- Set the interview date and ensure that all interviews take place on the same date, if possible.
- Inform all shortlisted candidates about the date and place of the interview.

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- Plan the programme for the interview and determine the time that should be allocated to each candidate.
- Notify all panel members conducting the interview about the date and place of the interview.

Role of the interviewer and interviewee DURING the interview

Role of the INTERVIEWER during the interview	Role of the INTERVIEWEE during the interview
• Allocate the same amount of time to each candidate. • Introduce members of the interviewing panel to each candidate/interviewee. • Make the interviewee feel at ease. • Explain the purpose of the interview to the panel and the interviewee. • Record interviewees' responses for future reference. • Do not misinform/mislead the interviewee. • Avoid discriminatory/controversial types of questions, e.g. asking a female • candidate about family planning/having children. • Provide an opportunity for the interviewee to ask questions. • Close the interview by thanking the interviewee for attending the interview	• Greet the interviewer by name with a solid handshake and a friendly smile. • Listen carefully to the questions before responding. • Make eye contact and have good posture/body language. • Show confidence and have a positive attitude/be assertive. • Be inquisitive and show interest in the business. • Ask clarity seeking questions. • Show respect and treat the interview with its due importance. • Be honest about mistakes and explain how you dealt with it. • Know your strengths and weaknesses and be prepared to discuss it

Meaning of an employment contract

- Employment contract is an agreement between the employer and the employee and is legally binding.

Aspects that should be included in an employment contract

- Personal details of the employee.
- Details of the business/employer e.g. name/address, etc.
- Job title/Position
- Job description e.g. duties/ working conditions
- Job specification e.g. formal qualifications/willingness to travel.
- Date of employment/commencement of employment.
- Place where employee will spend most of his/her working time.
- Hours of work, e.g. normal time/overtime.
- Remuneration, e.g. weekly or monthly pay.
- Benefits/Fringe benefits/Perks/Allowances.
- Leave, e.g. sick/maternity/annual/adoption leave.
- Employee deductions (compulsory/non-compulsory).
- Period of contract/Details of termination.
- Probation period.
- Signatures of both the employer and employee.

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- List of documents that form part of the contract, e.g. appointment letter/code of conduct/ethics.
- Disciplinary policy, e.g. rules and disciplinary procedure for unacceptable behaviour

Legal requirements of the employment contract

- Employment contract is an agreement between the employer and the employee and is legally binding.
- Employer and employee must agree to any changes to the contract.
- Aspects of the employment contract can be renegotiated during the course of employment.
- No party may unilaterally change aspects of the employment contract.
- The employer and employee must both sign the contract.
- The employment contract should include a code of conduct and code of ethics.
- The employer must explain the terms and conditions of the employment contract to the employee.
- It may not contain any requirements that are in conflict with the BCEA.
- Conditions of employment/duties/responsibilities of the employees must be stipulated clearly.
- The remuneration package/including benefits must be clearly indicated.
- All business policies, procedures and disciplinary codes/rules can form part of the employment contract.
- The employer must allow the employee to thoroughly read through the contract before it is signed.

Reasons for terminating an employment contract

- The employer may dismiss an employee for valid reason(s), e.g. unsatisfactory job performance, misconduct, etc.
- Employer) may no longer have work for redundant employees/cannot fulfil the contract/is restructuring.
- The employer may retrench some employees due to insolvency/may not be able to pay the employees.
- Employees decided to leave and resign voluntarily.
- An employee may have reached the pre-determined age for retirement.

INDUCTION

Meaning of induction

- New employees should be familiarised with their new physical work environment/organisational culture/products and services.
- Employees should be informed about the processes/procedures of the business.
- They should have a basic knowledge of what is expected in the job./Understand his role and responsibilities in his new job.
- Ensure that employees are well conversant with the business safety regulations and rules.

Purpose of induction

- Introduce new employees to management/colleagues to establish relationships with fellow colleagues at different levels.
- Make new employees feel welcome by introducing them to their physical work space.

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- Give new employees a tour/information about the layout of the building/office.
- Familiarise new employees with the organisational structure/their supervisors
- Allow new employees the opportunity to ask questions that will put them at ease/reduce insecurity/anxiety/fear.
- Improve skills through in-service training.
- Create opportunities for new employees to experience/explore different departments.
- Explain safety regulations and rules, so that new employees will understand their role/responsibilities in this regard.
- Communicate information about the products/services offered by the business
- Ensure that employees understand their roles/responsibilities so that they will be more efficient/productive.
- Communicate business policies regarding ethical/professional conduct/procedures/employment contract/conditions of employment, etc.

Aspects to be included in an induction programme

- Introduction to key people and immediate colleagues.
- Safety regulations and rules.
- Overview of the business.
- Tour of the premises.
- Discussion of the employment contract and conditions of service.
- Discussion of employee benefits
- Information about the business products/services.
- Meeting with senior management who will explain the company's vision/value descriptions/daily tasks.
- Conditions of employment, e.g. working hours/leave application process/disciplinary procedures, etc.
- Administration details on systems/processes/logistics.
- Discussion of personnel policies, e.g. making private phone calls/using the Internet, etc.
- Corporate social responsibility programmes.

Benefits of induction

- Allows new employees to settle in quickly and work effectively.
- Ensures that new employees understands rules and restrictions in the business.
- New employees may establish relationships with fellow employees at different Levels
- Make new employees feel at ease in the workplace, which reduces anxiety/ insecurity/fear.
- The results obtained during the induction process provide a base for focussed training.
- Increases quality of performance/productivity.
- Minimises the need for on-going training and development.
- Employees will be familiar with organisational structures, e.g. who are their supervisors/low level managers.
- Opportunities are created for new employees to experience/explore different Departments
- New employees will understand their role/responsibilities concerning safety regulations and rules.
- New employees will know the layout of the building/factory/offices/where everything is, which saves production time.

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- Learn more about the business so that new employees understand their roles/ responsibilities in order to be more efficient.
- Company policies are communicated, regarding conduct and procedures/safety and security/employment contract/conditions of employment/working hours/leave.
- Realistic expectations for new employees as well as the business are created.
- New employees may feel part of the team resulting in positive morale and motivation.
- Employees may have a better understanding of business policies regarding ethical/professional conduct/procedures/CSR, etc.

PLACEMENT

Meaning of placement

- Selected candidates are placed where they will function optimally and add value to the business.
- A specific job is assigned to the selected candidate.
- The qualifications/skills/personality of the selected candidate is matched√ with the requirements of the job.

Placement procedure

- Employer should outline specific responsibilities/expectations of the employee new position.
- The employer should determine the relationship/similarities between the expectations of the position and the competencies of the employee.
- Determine the employee's strengths/weaknesses/skills/ interests by subjecting him to various psychometric tests.

The importance of training/skills development in HRM

- The employee who receives the necessary training is more able to perform in their job.
- The investment in training that a company makes shows employees that they are valued.
- An effective training program allows employees to strengthen their skills.
- Productivity usually increases when the human resources function implements training courses.
- Ongoing training and upskilling of the workforce, encourages creativity.

SALARY DETERMINATION METHODS

DISTINCTION BETWEEN PIECEMEAL AND TIME-RELATED SALARY DETERMINATION

PIECEMEAL	TIME-RELATED
• Workers are paid according to the number of items/ units produced /action performed.	• Workers are paid for the amount of time they spend at work/on a task.
• Workers are not remunerated for the number of hours worked, regardless of how long it takes them to make the items	• Workers with the same experience/qualifications are paid on salary scales regardless of the amount of work done.
• Mostly used in factories particularly in the textile/technology industries.	• Many private and public sector businesses use this method

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LINK BETWEEN SALARY DETERMINATION AND THE BCEA

- The BCEA sets out conditions that ensure fair labour and human resources practices.
- According to the BCEA, businesses may use different remuneration methods to pay their employees.
- Payment of salaries should be based on whether the employee is permanent or employed on a fixed contract.
- Businesses are supposed to deduct income tax (PAYE) from the employees' taxable salaries.
- BCEA outlines legalities, such as the employment contract, which may affect salary determination.

FRINGE BENEFITS

Examples of fringe benefits in the workplace

- Medical Aid Fund/Health Insurance Fund
- Pension Fund
- Provident Fund
- Funeral benefits
- Car/Travel/Housing/Cell phone/Clothing allowance
- Performance based incentives
- Issuing of bonus shares
- Staff discount/Free or low cost meal/Canteen facilities

BENEFITS REQUIRED BY THE LAW

Unemployment Insurance Fund (UIF)

- The fund offers short-term financial assistance to workers when they become unemployed or are unable to work due to illness, maternity or adoption leave.
- The fund also assists the dependants of a contributing worker who has died.
- Employers must pay unemployment insurance contributions of 2% of the value of each worker's salary per month.
- The employer and the worker each contribute 1%.
- Contributions are paid to the Unemployment Insurance Fund (UIF) or the South African Revenue Services (SARS).

IMPACT OF FRINGE BENEFITS ON BUSINESSES

Positives/Advantages

- Attractive fringe benefit packages may result in higher employee retention/reduces employee turnover.
- Attracts qualified/skilled/experienced employees who may positively contribute towards the business goals/objectives.
- Improves productivity\ resulting in higher profitability.
- It increases employee satisfaction/loyalty as they may be willing to go the extra mile.
- Businesses save money as benefits are tax deductible.
- Fringe benefits can be used as leverage for salary negotiations.

AND/OR

Negatives/Disadvantages

- Businesses who cannot offer fringe benefits fail to attract skilled workers.
- Businesses who offer employees different benefit plans may create resentment to those who receive less benefit resulting in lower productivity.
- It can create conflict/lead to corruption if allocated unfairly.
- Fringe benefits are additional costs that may result in cash flow problems.
- Decreases business profits, as incentive/package/remuneration costs are higher.

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- Administrative costs increase as benefits need to be correctly recorded for tax purposes
- Workers only stay with the business for fringe benefits, and may not be committed/loyal to the tasks/business
- Businesses have to pay advisors/attorneys to help them create benefit plans that comply with legislation.
- Errors in benefit plans may lead to costly lawsuits/regulatory fines.

IMPLICATIONS OF ACTS ON THE HUMAN RESOURCES FUNCTION

Implications of the Labour Relations Act on the Human Resources Function

- Workers cannot be easily dismissed as bargaining council/Commission for Conciliation, Mediation and Arbitration (CCMA) processes need to be followed.
- Provides a framework for bilateral meetings where employees, trade unions and employers discuss matters relating to employment.
- The human resource manager should allow workers to form workplace forums/trade unions to promote the interests of all employees.
- Promotes orderly negotiations and employee participation in decision making in the workplace.
- Protects the rights of employees/employers as outlined in the Constitution.
- Advances economic development/social justice/labour peace.
- Promotes resolution of labour disputes.
- Clarify the transfer of contracts of employment/If a business is transferred to another owner then the employee contracts are also transferred.
- Provides for unresolved disputes to be referred to Labour Courts/Labour Appeal Courts.

Implications of the Employment Equity Act on the Human Resources function

- The human resources manager must promote/provide equal opportunities in the workplace.
- Ensure that affirmative action promotes diversity in the workplace.
- Compile employment equity plans that indicate how they will implement affirmative action.
- Assign a manager to ensure that the employment equity plan will be implemented/ regularly monitored.
- Display a summary of the Act where employees can clearly see it/have access to it.
- Report to the Department of Labour on the progress in the implementation of the equity plan.
- Conduct medical/psychological tests fairly to employees/when deemed necessary.
- Equal pay for work of equal value.
- Ensure that the workplace represents the demographics of the country at all levels.
- Define the appointment process clearly to ensure all parties are well informed.
- Restructure/Analyse current employment policies/practices/procedures to accommodate designated groups.
- Retrain/Develop/Train designated groups through skills development programmes.

Implication of the Skills Development Act (SDA) on the Human Resources function

- The human resources manager should interpret the aims and requirements of the SDA and adapt workplace skills training programmes accordingly.
- Identify the training needs of the employees and provide them with training opportunities so that they will perform their tasks efficiently.

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- Interpret/Implement the aims/requirements of the framework for the National Skills Development Strategy.
- Assist managers in identifying skills/training needs√ to help them to introduce learnerships.
- Contribute 1% of their salary bill to the Skills Development Levy/SDL.
- Ensure training in the workplace is formalised /structured.
- Appoint a full/part time consultant as a Skills Development Facilitator.

Implications of the Basic Conditions of Employment Act (BCEA) on the Human Resources function

- Workers should only work 9 hours per day in a 5 day work week./8 hours per day in a 6 day work week./Overtime should not exceed 10 hours per week.
- They must have a break of 60 minutes after five hours of work
- Workers can take up to six weeks paid sick leave during a 36-month cycle
- Businesses should not employ children under the age of 16.
- Workers must receive double if they work during public holidays/Sunday

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ETHICS AND PROFESSIONALISM

Learners must be able to:

- Define ethical behaviour
- Give practical examples of ethical and unethical business practice, e.g. using fair vs. unfair advertising

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- Give practical examples of professional and unprofessional business practices, e.g. good use of work time and abuse of work time, etc.
- Explain how businesses can apply King Code principles of transparency, accountability and responsibility for good corporate governance to improve ethical and professional business practices.
- Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g. payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.
- Identify types of unethical/unprofessional behaviour from given scenarios/statements.
- Discuss/Explain the following unprofessional and unethical businesses practices:
  - Sexual harassment
  - Unauthorised use of workplace funds and resources
  - Unfair advertising – definition and examples
  - Pricing of goods in rural areas
  - Taxation/Tax evasion
  - Abuse of work time

- Identify the above mentioned unethical/ unprofessional behaviour from given case studies/business scenarios
- Recommend/Suggest improvements for the above mentioned unethical business behaviour/ practices.

Term	Definition
Business ethics	Ideas about what is morally correct or not applied in a business situation.
Ethical behaviour	Acting in ways consistent with what society and individuals think are good values.
Business practice	A procedure/rule employed or followed by a business in the pursuit of its objectives.
Professionalism	Describes the internationally accepted standards/expectations that society has of people's conduct and levels of competence in the workplace.
Tax evasion	When a business does not declare all their income to SARS with the aim of paying less tax.
Corporate governance	The exercise of ethical and effective leadership by the board of governors of a business towards achieving good performance/ effective control/sustainability and profitability.
Accountability	Holding directors and officials responsible to stakeholders for their decisions and action.
Transparency	Directors and managers are expected to operate in a manner that is easy for stakeholders to understand what actions are performed.
Responsibility	The legal and moral obligation of the business in relation to the economic, social and natural environment within which it operates.

Meaning of ethical behaviour

- Refers to acting in ways consistent with what society and individuals think are good values.
- Ethical behaviour is expected from every employee in the business.
- It means that the highest legal and moral standards are upheld when dealing with stakeholders.

Examples of ethical and unethical business practice

Ethical business practices	Unethical business practices
• Using fair advertising • Clients and employees information are not disclosed/used for the benefit of the business. • Business deals are conducted openly. • Paying fair wages	• Unfair advertising • Pricing of goods in rural areas • Taxation/Tax evasion • Starting a venture at the expense of someone else

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• Operating within the law • Ensuring that the environment is not polluted. • Not engaging in illegal business practices • Not using child labour • Adopting codes of good ethical practice. • Establishing corporative social responsibility initiatives. • Encouraging employees to adopt ethical behaviour. • Treating all employees equally • Shareholders and employees personal interest and business interest do not conflict with one another.	• Paying employees unfair wages • Disobeying the law • Using bribery to gain business • Engaging in illegal business practices • Polluting the environment

Examples of professional and unprofessional business practice

Professional business practice	Unprofessional business practice
• Using polite language to colleagues. • Good use of work time • Keeping clients details confidential/Not using clients' information for personal gain. • Treating all people the same.	• Using rude/impolite language • Abuse of work time. • Discussing clients' information/using clients' information for personal gain. • Giving some people special favours. • Overstating the number of hours worked. • Unauthorised use of business resources.

Differences between professionalism behaviour and ethical behaviour

Professional behaviour/Professionalism	Ethical behaviour/Ethics
• Refers to what is right/wrong/acceptable in a business	• Refers to the principles of right and wrong/acceptable in society
• Set of standards of expected behaviour	• Conforms to a set of values that are morally acceptable
• Applying a code of conduct of a profession or business	• Forms part of a code of conduct to guide employees to act ethically
• Focuses on developing a moral compass for decision making	• Focuses on upholding the reputation of a business/profession
• Includes guidelines on employees' appearance/communication/attitude/responsibility, etc.	• Involves following the principles of right and wrong in business activities/practices/dealings

Ways in which businesses can apply King Code principles for good corporate governance

Transparency

- Decisions/Actions must be clear to all stakeholders.
- Staffing and other processes should be open and transparent.

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- Employees/Shareholders/Directors should be aware of the employment policies of the business.
- Auditing and other reports must be accurate/ available to shareholders/employees.
- Regular audits should be done to determine the effectiveness of the business.
- Business deals should be conducted openly so that there is no hint/sign of dishonesty/corruption.
- Businesses should give details of shareholders' voting rights to them before/at the Annual General Meeting (AGM).
- The board of directors must report on both the negative and positive impact of the business on the community/environment.
- The board should ensure that the company's ethics are effectively implemented.

Accountability

- There must be regular communication between management and stakeholders.
- Company should appoint internal and external auditors to audit financial statements.
- The board should ensure that the company's ethics are effectively implemented.
- Businesses should be accountable/ responsible for their decisions/actions.
- Businesses should present accurate annual reports to shareholders at the Annual General Meeting (AGM).
- Top management should ensure that other levels of management are clear about their roles and responsibilities to improve accountability.

Responsibility

- The business/ board should develop and implement programmes that should be aimed at protecting the communities in which they operate.
- The business/ board should develop remedial programmes to protect the environment for example, reduce air and water pollution.

Ways in which professional, responsible, ethical and effective business practice should be conducted

- Businesses should treat all their employees equally, regardless of their race/colour/age/gender/disability etc.
- Mission statement should include values of equality/respect.
- Treat workers with respect/dignity by recognising work well done/the value of human capital
- Pay fair wages/salaries which is in line with the minimum requirements of the BCEA/Remunerate employees for working overtime/during public holidays.
- All workers should have access to equal opportunities/positions/resources.
- Plan properly and put preventative measures in place.
- Ensure that employees work in a work environment that is conducive to safety/ fairness/free from embarrassment.
- Refrain from starting a venture using other businesses' ideas that are protected by law.
- Engage in environmental awareness programmes/Refrain from polluting the environment, e.g. by legally disposing of toxic waste.
- Employers and employees need to comply with legislation with regard to equal opportunities/human rights in the workplace.
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power.
- Training/Information/Business policies should include issues such as diversity/ discrimination/harassment.
- Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace.

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- Orders/Tasks should be given respectfully and allow the recipient/employee to have a say in the manner in which the task should be performed.

Types of unethical/unprofessional business practice and examples

Type of unethical/Unprofessional business practices	Examples
Sexual harassment	-Manages who promise employees promotions if they agree to have a relationship with them.
Unauthorised use of workplace funds and resources	-Employees who download music and movies using the business's resources -An employee who uses business resources for his/her own personal gain.
Abuse of work time	-Making personal calls during work hours. -Taking extended lunch breaks -Doing personal business during work hours
Unfair advertising	-Giving goods deceptive names/False labelling. -Selling second hand goods as new goods. -Exaggerating the merits of the product/False promises -Using fine print to conceal important information. -Criticising competitor's goods. -Exploitations of children's lack of understanding. -Misuse of people with disabilities in advertisements. -Advertising that encourages violence. -Advertising goods at a very low price to attract customers but when the customer reaches the store the item is no longer there/Bait and switch. -Advertising a product showing additional items, but do not clearly state that these items are excluded.
Pricing of goods in rural areas	-Inflating prices -Charging higher for goods of inferior quality in rural areas.
Taxation/Tax evasion	-Businesses that do not declare all their income to SARS. -Falsifying the business financial statements.

Explanation of unethical/unprofessional business practices

Sexual harassment

- Manager promises an increase in salary/ a promotion/Quid pro quo harassment in exchange for sexual favours.

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gesture/remark/action/suggestive behaviour which victimises the worker.
- The affected party is normally reluctant to report the incident due to fear of victimisation.
- Sexual harassment causes discomfort/humiliation and interferes with the job.

Unauthorised use of workplace funds and resources
- This form of fraud is the misuse of money without prior authorisation from a senior manager.
- Fraud increases the cost of doing business/affects competition/discourages investors when prices are increased to absorb the losses.
- Use of company assets for private use/personal gain.

Abuse of work time
- Employees abuse work time by arriving late/leaving early and taking longer lunch breaks.
- Employees use working hours for personal gain.
- Abuse of work time decreases productivity and loss of profits.
- Businesses can lose customers and not meet work deadlines.

Unfair advertising
- The use of false or misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers.
- Advertising influences a buyer's decision to purchase a product.
- Businesses can make unwise advertising choices when they are under pressure to increase their profits.
- Unfair advertisements could be harmful to consumers.
- Some advertisements may be regarded as discriminatory because they exclude/target some sections of the population.

Pricing of goods in rural areas
- Some businesses in the rural areas exploit their customers by adding much more than necessary to their prices.
- Some consumers in rural areas have little economic power and are vulnerable to exploitation.
- Business may form monopolies in rural areas and increase their prices unilaterally.
- It may be common practice to pay higher prices for goods of inferior quality in rural areas.
- Business may form monopolies in rural areas and increase their prices unilaterally.

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Taxation/Tax evasion
- Corporate tax and personal income tax are the main source of income for the government.
- The payment of tax reduces a business's profit margin forcing some businesses to evade tax.
- Many businesses and individuals do not declare all their income to SARS.
- Some businesses may falsify their financial records.
- Businesses who evade tax may face prosecution and fines/sent to prison if found guilty.

Strategies/Recommendations/Ways to deal with unethical/unprofessional business practices

Sexual harassment
- Implement internal complaints and disciplinary procedures.
- Educate employers on sexual harassment matters

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- Create a good working environment where all employees' rights and dignity are respected.
- Internal investigation should be made in order to determine the seriousness of the harassment.
- Serious cases/matters on sexual harassment should be reported to the appropriate institutions such as the South African Police Services (SAPS).
- Ensure compliance with the law/business code of conduct.

Unauthorised use of workplace funds and resources

- Conduct regular audits.
- Identify risk areas/ vulnerable areas
- Limit the number of employees having access to business funds/assets.
- Implement/Introduce fraud prevention strategies.
- Educate employees about the impact of fraud.
- Fraud prevention should be a collective responsibility of business and workers.
- Clear policies should be in place so that employees are aware of what is considered to be fraud.
- Set up systems in the organisation for the reporting of fraud and corruption.

Abuse of work time

- Speak directly to those employees who abuse work time.
- Code of conduct/ethics should contain clear rules about abuse of work time.
- Conduct training on the contents of the code of conduct/ethics.
- Code of conduct/ethics should be signed by all employees so that they are aware of its contents.
- Monitor employees to ensure that tasks are completed.
- Structure working hours in such a way that employees have free/flexible time for personal matters.
- Create a culture of responsibility/strengthen team spirit in order for all employees to feel responsible for what has to be achieved

Unfair advertising

- Consumers must report unfair advertisements to the Advertising Standards Authority.
- Business should be encouraged to keep their advertising fair and in line with the constitution.

Pricing of goods in rural areas

- A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area.
- Charge fair/market related prices for goods and services.
- Avoid unethical business practices to attract customer loyalty.
- Investigate cost-effective ways of transporting products/Hire a large truck to combine deliveries to shop-owners in the same area.

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- Work together with suppliers to share delivery costs to remote rural areas.

Taxation/Tax evasion

- Submit all tax returns on time.
- Businesses should pay the correct amount of tax to SARS.
- Keep financial records honestly and accurately.
- Make sure that all financial records are checked and audited.

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TOPIC: CREATIVE THINKING AND PROBLEM SOLVING

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Distinguish between problem solving and decision making.
- Name/Outline/Apply the steps in problem-solving from given scenarios/case studies.
- Identify businesses challenges from given scenarios and apply problem-solving techniques to solve business problems.
- Apply creative thinking skills to solve complex business problems.
- Explain the benefits/advantages of creative thinking in the workplace.

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- Discuss/Evaluate the impact (positives/negatives) of creative thinking/problem solving techniques, e.g.:
  - Delphi technique
  - Force field analysis
  - Brainstorming
  - Mind mapping
  - Nominal group technique
  - SCAMPER
  - Forced combination
  - Empty chair
- Explain how businesses can apply the above creative thinking-/problem solving techniques in the workplace.
- Suggest/Recommend ways for businesses to create an environment that promotes creative thinking.

Terms and definitions

Term	Definition
Creative	To be original, inventive or resourceful.
Generate	To produce or create.
Creativity/ Innovative	Ideas featuring new and original methods.
Creative thinking	The ability to think of original, varied new ideas or new approaches
Decision-making	Process of analysing a situation to identify strategies to bring about change.
Problem	Experiencing uncertainty or difficulty in achieving what we want to achieve.
Problem-solving	Gathering facts that include problem findings and problem shaping.
Problem-solving techniques	Various problem solving techniques which businesses used to solve business related problems.

Differences between problem solving and decision making

DECISION MAKING	PROBLEM SOLVING
-It is often done by one person/a member of senior management who makes it authoritarian.	-Problems can be solved by a group/ team or an individual team member.
-Various alternatives are considered before deciding on the best one.	-Alternative solutions are generated/ identified and critically evaluated.
-It is part of the problem solving cycle as decisions need to be taken in each step.	-Process of analysing a situation to identify strategies to bring about change.

Problem solving steps

- Identify the problem.
- Define the problem.
- Identify possible solutions to the problem.
- Select the most appropriate alternative.
- Develop an action plan.
- Implement the suggested solution/action plan.
- Monitor the implementation of the solution/action plan.
- Evaluate the implemented solution.

Application of problem solving steps

Identify the problem

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- Identify the exact problem
- Acknowledge that there is a problem

Define the problem

- The nature of the problem must be precise.
- Define the possible causes of the problem
- Gather as much information as possible to establish the cause of the problem.

Identify alternative solutions

- Identify all different possible solutions
- Decide on the cause

Evaluate alternative solutions

- Use critical evaluation and analytical skills to evaluate each solution.
- Consider the advantages and disadvantages of each alternative solution.

Choose the best solution

- Set criteria for the best solution, in terms of aspects such as time/cost/risk involved
- Identify which solution will be used
- The best solution should match the size and the resources of the business.
- If the solution is not appropriate, the business should go back to defining the problem.

Formulate/Develop an action plan/strategy

- Arrange the necessary resources and delegate tasks.
- Establish a time line for implementation and set deadlines

Implement the action plan

- Carry out the planned actions/solution.
- Communicate delegated tasks/deadlines to employees.

Evaluate the solution/action plan

- Assess whether the problem has been solved partially or entirely
- Monitor/test the solution/action plan/strategy continuously.
- If problems emerge, they must recognise and re-formulate the problem for improved solutions in the future.

Advantages/Benefits of creative thinking in the workplace

- Better/Unique/Unconventional ideas/solutions are generated.
- May give the business a competitive advantage if unusual/unique solutions/ ideas/strategies are implemented.
- Complex business problems may be solved.
- Productivity increases as management/employees may quickly generate multiple ideas which utilises time and money more effectively.
- Managers/Employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage change(s) positively and creatively.
- Managers/Employees can develop a completely new mindset, which may be applied to any task(s) they may do.

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- Leads to more positive attitudes as managers/employees feel that they have contributed towards problem solving.
- Improves motivation amongst staff members.
- Managers/Employees have a feeling of great accomplishment and they will not resist/obstruct the process once they solved a problem/contributed towards the success of the business.
- Management/employees may keep up with fast changing technology.
- Stimulates initiative from employees/managers, as they are continuously pushed out of their comfort zone.
- Creativity may lead to new inventions which improves the general standard of living.

Problem solving techniques

- Delphi technique
- Force field analysis
- Brainstorming
- -Mind mapping
- Nominal group technique
- SCAMPER
- Forced combination
- Empty chair

Impact of problem solving techniques

Impact of Delphi technique
Positives/Advantages

- Businesses may use a group of experts without bringing them together.
- The experts will give the business clear ideas/solutions on how to improve on productivity/profitability.
- Information received from experts can be used to solve complex business problems.
- Experts may give honest/credible opinions as they do not have a direct/personal interest in the business.
- Conflict may be avoided especially if all employees are knowledgeable and well qualified.
- Dominating employees may not take over the process as they do not form part of the problem solving process.
- It reduces noise levels in an office environment since there is no group discussion.

AND/OR

Negatives/Disadvantages

- It is an expensive technique to use due to high administrative costs.
- May be time consuming/complicated to analyse data received from experts.
- Not all experts are willing/interested to give feedback/complete questionnaires.
- Some experts might not have an in-depth knowledge of certain topics.

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- Experts' suggestions may not be considered by some employees so consensus may not be reached.

Impact of the Force-Field Analysis

Positives/Advantages

- It provides a visual summary of all the various factors supporting and opposing a particular idea
- Employees feel included and understood.
- Employees develop and grow with the business.
- Informed decisions can be made as forces for and against are critically evaluated.
- Enables businesses to strengthen the driving forces and weaken the restraining forces.
- Businesses are able to have an idea of the timeline required and the requirements of additional resources.

AND /OR

Negatives/Disadvantages

- It is time consuming since the business must stabilise before more changes can be made.
- Requires the participation of all business units
- The analysis developed is entirely dependent upon the skill level and knowledge of the group working on the analysis.

The impact of brainstorming

Positives/Advantages

- Better solutions are developed through collective contributions.
- Combinations of ideas/improvements can be chosen after all the ideas have been written down.
- Employees are motivated as they are allowed to contribute to problem solving.
- Stimulates creative thinking in the workplace.
- People get ideas from others and build on them.

AND/OR

Negatives/Disadvantages

- Brainstorming is time consuming as all stakeholders/employees may generate too many ideas which can delay decision making.
- Some team members may dominate discussion.
- Fear of criticism may prevent full participation in brainstorming sessions.
- It may lead to 'group think'/some individuals may not give their opinions.
- Discussion may result in conflict due to differences in opinion

The impact of mind mapping

Positives/Advantages

- Easy to generate ideas and enhances memory

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- Stimulate the brain and makes people focus on the links and relationships between ideas.
- Easy to remember since the topic texts of mind maps are keywords and short phrases.
- Helps people to focus and understand the work better.
- Creates a deeper understanding of the work or topic.
- Helps people to combine information from different research resources.
- People are able to think through complex problems.

AND/OR

Negatives/Disadvantages

- Some people find it messy and chaotic
- Can become complicated as mind maps can become too big people are not able to structure keywords.
- Requires a sound knowledge of the topic

The impact of the Nominal group technique

Positives/Advantages

- It provides time to think about the question in silence before responding
- Each team member/director has a chance to participate without interference from other team members.
- Voting on the ideas is anonymous and may be more reliable/honest.
- Everyone in the group is given an opportunity to contribute to the discussion, while avoiding the likelihood of one person dominating the group process.
- Enables the group to generate and clarifies a large amount of ideas quickly, and democratically prioritises them.
- It encourages participants to confront issues through constructive problem solving
- Strong technique for preventing conformity to group pressure.

AND/OR

Negatives/Disadvantages

- It minimises discussion, and thus does not allow the full development of ideas.
- Ideas/Inputs made by members may not converge and cannot lead to the same solution(s).
- Suggestions may not be as creative as when a group throws ideas around.
- It is time consuming, as each member must make a presentation.
- It is hard to implement it effectively with large groups unless very carefully planned beforehand
- Requires extended advance preparation, which means that it cannot be a spontaneous technique
- Good ideas can be voted out because its potential cannot be developed further.

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- Small groups limit participation and are pre-selected.

The impact of SCAMPER

Positives/Advantages

- Encourages people to come up with new and innovative solutions.
- The processes of re-arranging and combining different components of a business procedure allows participants to examine each step.
- Frees the participants' minds to look in unexpected places for the answers to their business needs.
- Can reveal where obstacles and bottlenecks occur in current practices and develop solutions to combat these barriers.
- Forces people to think differently.

AND/OR

Disadvantages/Negatives

- Success depends on groups being unconventional
- It is time consuming and not suitable for all groups

The impact of Forced combination

Positives/Advantages

- Allows people to think outside the box
- Creative and valuable business ideas can be developed

The impact of Empty chair

Positives/Advantages

- Managers are able to get things out in the open and practice dialogues before confronting employees.
- Justify solutions
- Helps a person to become more self-aware, particularly in terms of recognizing and understanding the relationship between your responses and your present situation
- The person has the opportunity to put his/her point across and decide to take the position of other imaginary person.
- Helps in understanding another person's point of view.

AND/OR

Negatives/Disadvantages

- Limits creativity as the person makes decisions alone
- One person's view is applied and this may not always be a best view.

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Application of the problem solving techniques

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Application of the Delphi technique

- Businesses must invite a panel of experts to research the complaints from customers.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to improve the quality of their products and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest improve-ments to the products and return it to the business
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.
- Request panel members to provide further input/ideas on how to improve the quality of products after they have studied the results/documentation.
- Distribute a third questionnaire based on previous feedback from the second round.
- Prepare a final summary/feedback report with all the methods to improve the quality of the business's products
- The business should choose the best solution/proposal after reaching consensus.

Application of Force-Field Analysis technique

- Describe the current situation/problem and the desired situation.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.
- Identify priorities and develop an action plan.

Application of brainstorming technique

- State/Define the business problem clearly, so that all participants/stake-holders understand the problem.
- Members state possible causes of the business problems.
- Set a time limit for each brainstorming session.
- Record/Write ideas down, where all participants can see it./Ideas may also be shared online during an E-brainstorming session.
- Use each suggestion, to inspire new thoughts/ideas.
- Do not judge/criticise/discuss the ideas, so that many ideas could be generated as quickly as possible.
- All members of the group randomly make suggestions.
- The group rates ideas according to its usefulness/success/difficulty/cost to implement.
- The group evaluates all ideas, and combines similar ones/draw up a refined list.
- Discuss a plan of action on how to implement the best ideas.

Application of Nominal-group technique

- Encourage group to clearly define the problem/to improve the quality of their products due to various complaints so that all the small groups can work on the same problem.
- The business must divide the employees into smaller groups.

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- Request each employee to silently brainstorm /generate many ideas on his/her own, on how the quality of their paint can be improved and to write it down.
- Each employee in the small group has the opportunity to give one of his/her idea/solution with a short explanation.
- Appoint one employee to write the ideas/solutions on a large sheet of paper/ capture solutions electronically on computer for all to see.
- Allow each employee to give a second solution until all possible solutions have been recorded.
- Encourage employees to ask clarity seeking questions.
- Discourage criticism of ideas/solutions as this may prevent others from giving their solutions.
- The business must eliminate ideas that are duplicated/ similar.
- Each employee must read through all the suggestions and anonymously rate them giving the highest points for the best solution.
- Collect the ratings and calculate total points.
- Small groups must present one solution to the large group that was deemed best according to the scores/votes in their small groups.

Application of SCAMPER

S-Substitute

- Substitute some parts of the parts of the product with something else
- Replace part of the problem with something new

C-Combine

- Arrange parts of a problem in a creative way to cancel out the problem

A-Adapt

- Look at existing solutions and adapt them to solve the current situation.
- Look at the new trend for products and adapt the old product to attract more customers

M-Modify/Magnify

- Exaggerate the problem and see if there is a part of it that can be adjusted to solve the whole problem.
- Put some new parts into the product to attract more customers

P-Put to other uses

- Make alterations to use it for other purposes

E-Eliminate

- Get rid of some parts of the problem or reduce them down

R-Reverse/Rearrange

- Push the idea around and rearrange in order to think of it differently.

Application of Mind maps

- Decide on the central problem/topic and find a word/picture that captures it.
- Break down the central theme into main ideas/points.
- Break the ideas down further into sub-points.
- Use colour and shapes to help sort ideas logically.

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Application of Forced combinations

- Give employees a list of random words/pictures/objects.
- Employees should then create connections between the problem at hand and their item.
- Employees should answer questions like "how could this item solve our problem"?

Application of empty chair

- Speak to an empty chair and imagine another person sitting

Ways in which a business can create an environment that stimulates/promote creative thinking

- Emphasise the importance of creative thinking to ensure that all staff know that management want to hear their ideas.
- Encourage staff to come up with new ideas/opinions/solutions.
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/ generate more ideas/build on one another's ideas.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Train staff in innovative techniques/creative problem solving skills/mind-mapping/ lateral thinking.
- Encourage job swops within the organisation/studying how other businesses are doing things.
- Encourage alternative ways of working/doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.

TOPIC: STRATEGIES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Define a strategy
- Outline/Describe/Explain/Discuss the strategic management process.
- Apply the strategic management process to solve business-related problems.
- Identify business challenges from given case studies.
- Identify and describe/explain/discuss the different types of business strategies.
- Devise/Develop/Analyse/Formulate strategies to overcome challenges from given scenarios of businesses and make recommendations for improvement.
- Explain how/when businesses can apply each type of business strategy.
- Evaluate the effectiveness (positives) of each type of business strategy.
- Analyse case studies and apply the following industrial analysis tools to analyse the challenges of the business environment:
  - SWOT analysis
  - Porter's Five Forces
  - PESTLE analysis
- Recommend business strategies to address challenges identified from given case studies/scenarios.
- Outline/Explain/Recommend activities/steps in strategy evaluation.

Term	Definition
Formulation of strategies	To devise/develop a strategy.
Implementation of strategies	This takes place after the formulation of the strategy and involves all the activities that are required for putting the strategy into action.

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Evaluation of strategies	This takes place after the implementation of the strategy and determines whether the implemented strategy resolved the challenge.
Industry analysis tools	SWOT, Porter's Five Forces and PESTLE analysis models are used to analyse the challenges posed by business environments.
Suppliers	Include factories/providers of goods/services that businesses would obtain/buy from in order to operate their business.
Buyers	The final users of the product/services.
Competitors	All other businesses selling the same/similar products/services
Substitute product or service	Different products/services that satisfy the same needs of consumers and can be used to replace one another.
New Entrants	New businesses that are selling the same/similar products entering the market for the first time.

Definition of a strategy

- A strategy is a long term plan of action to achieve a goal.
- A strategy is a plan of action to address an opportunity or to solve a problem.
- The business needs a strategy to achieve its vision and mission.

1.1 Steps in developing a strategy

- Application of SWOT analysis/PESTLE/Porter's Five Forces/environmental scanning of the business environments.
- Formulate strategies to meet objectives/Develop measurable strategic goals/ objectives.
- Implement strategies using action plans, etc.
- Evaluation of strategies/Compare the expected performance with the actual Performance / Measure business performance in order to determine the reasons for deviations and analyse these reasons, etc.

1.2 The strategic management process

Option 1

- Have a clear vision, a mission statement and measurable/realistic objectives in place.
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situational analysis.
- Tools available for environmental scanning may include a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial analysis tools.
- Formulate alternative strategies to respond to the challenges. (**This involves different types of business strategies)**
- Develop (an) action plan(s), including the tasks to be done/deadlines to be met/resources to be procured, etc.
- Implement selected strategies by communicating it to all stakeholders/organising the business's resources/motivating staff.
- Continuously evaluate/monitor/measure strategies in order to take corrective action. (**This involves steps in evaluating a strategy)**

Option 2

- Review the vision statement.
- Analyse/Re-examine mission statement.

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- Conduct an environmental analysis using models such as PESTLE/ PORTER'S/SWOT.
- Formulate a strategy such as a defensive/retrenchment strategy.
- Implement a strategy, using a template such as an action plan.
- Control/Evaluate/Monitor the implemented strategy to identify gaps/deviations in implementation.
- Take corrective action to ensure goals/objectives are met.

NOTE: The steps may be in any order.

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1.3 INDUSTRIAL ANALYSIS

1.3.1 COMPILATION OF A SWOT ANALYSIS

STRENGTHS	WEAKNESSES
• What advantages does your organisation have and what do you do better than anyone else? • What unique or lowest-cost resources can you draw upon that others can't? • Do you have skilled employees and a strong customer base? • Do you provide high quality product? • Do you have sufficient resources? • What is your core competency?	• High cost infrastructure • High employee turnover • Weak brand portfolio • High debts level • What are people in your market likely to see as weaknesses? • What factors cause loss of sales • Are your competitors doing any better than you?
OPPORTUNITIES	**THREATS**
• Market growth for the business product. • New technology that will enhance quality services and products • Changing customer habits. • Disposable income level will increase. • Government's incentives for 'specific industry • Growing number of people buying on line (electronic marketing) • What good opportunities can you spot?	• Corporate tax may increase • Rising pay levels. • Intense competition. • Increasing fuel price. • Aging population. • Stricter laws regulating environment pollution • Currency fluctuations. • Changing technology.

NOTE: The SWOT analysis is usually assessed in the form of a scenario as indicated below:

Example of a scenario that requires learners to compile a SWOT analysis

DAVE DIGITAL SOUND (DDS)
DDS specialises in selling radios and car sound systems. They employ qualified sound engineers. The business does not have sufficient capital to buy and sell sound systems that cater for large events. Businesses in the same industry are closing down due to ineffective marketing campaigns. DDS is located in a high crime area.

An example of a SWOT analysis of Dave Digital Sound DDS

STRENGTHS	WEAKNESSES
• DDS employs qualified sound engineers. • DDS specialises in selling radios and car sound systems.	• The business does not have sufficient capital to buy/sell sound systems that cater for large events.
OPPORTUNITIES	**THREATS**
• Businesses in the same industry are closing down due to ineffective marketing campaigns.	• DDS is located in a high crime area.

NOTE: You need to quote verbatim (as is) from the scenario, otherwise you will lose marks for writing incomplete quotes or for writing a summary of the scenario.

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- Power of suppliers
- Power of buyers
- Power of competitors/Competitive rivalry
- Threat of substitution/substitutes
- Threat/Barriers of new entrants to the market
  NOTE: Ensure that you are able to correctly name the above mentioned Porter's Five Forces model to avoid losing marks.

1.3.3 APPLICATION OF PORTERS' FIVE FORCES MODEL

Power of suppliers

- Assess the power of the suppliers in influencing prices
- Suppliers that deliver high quality product may have power over the business.
- The more powerful the suppliers, the less control the business has over them.
- The smaller the number of suppliers, the more powerful they may be as the choice of suppliers may be limited.
- Identify the kind of power suppliers' have in terms of the quality of products/services/reliability/ability to make prompt deliveries, etc.

Power of buyers

- Assess how easy it is for buyers/customers to drive prices down.
- Buyers buying in bulk can bargain for prices in their favour
- Conduct market research to gather more information about its buyers.
- Determine the number of buyers/the importance of each buyer to the business and the cost of switching to other products.
- A few powerful buyers are often able to dictate their terms to the business.
- If buyers can do without the business's products then they have more power to determine the prices and terms of sale.

Power of competitors/Competitive rivalry

- If competitors have a unique product/service, then they will have greater power.
- A business with many competitors in the same market has very little power in their market.
- Draw up a competitor's profile so that they can determine their own strength as well as that of competitors.
- Some businesses have necessary resources to start price wars and continue selling at a loss until some/all competitors leave the market.

Threat of substitution/substitutes

- If the business's product can be easily substituted, it weakens the power of the business in the market.
- Establish whether the sellers of substitute products have improved their product/sell lower quality goods at lower prices.
- If the business sells unique products it will not be threatened by substitute products.
- Assess if customers are using substitute products/services and determine reasons for using substitutes.

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Threat/Barriers of new entrants to the market

- If the barriers to enter the market are low, then it is easy for new businesses to enter the market/industry.
- If there are a few suppliers of a product/service but many buyers, it may be easy to enter the market.
- If the business is highly profitable, it will attract potential competitors that want to benefit from high profits.
- New competitors can quickly/easily enter the market, if it takes little time/ money to enter the market.

NOTE: The main aim of Porter's Five Forces model is to analyse the business position in the market. This is more of a research study done by businesses. Do not focus on recommendations as this is not form part of an analysis. You must also be able to identify Porter's Five forces model from given statements and scenarios.

1.3.4 PESTLE ANALYSIS

- Political factors
- Economic factors
- Social factors
- Technological factors
- Legal factors
- Environmental factors

NOTE: Ensure that you are able to name and identify the PESTLE factors from given statements/scenarios.

1.3.5 CHALLENGES POSED BY THE PESTLE FACTORS AND RECOMMENDATIONS

NOTE: You need to name the PESTLE factor, identify challenges of each factor and recommend ways businesses can deal with the identified challenges as explained in the table below:

FACTOR	CHALLENGES	RECOMMENDATIONS
Political	• High inflation/Interest rate may decrease the market share of businesses as customers cannot afford high prices/Increase in taxes will result in lower customer spending. • Loans may be expensive due to high interest rates. • Fluctuations in foreign currency may restrict imports. • Trade agreements may prevent businesses from importing some medicine/products.	• Research recent government policies • Network and lobby with the NGOs and all consumer rights organisations. • Trade only with countries that have favourable trade agreements with the government.
Economic	• Inflation/Interest rates may negatively impact on business. • Loans may be expensive due to high interest rates. • Fluctuations in foreign currency may restrict import.	• Consider decreasing profit margins rather than increasing product prices. • Borrow money from financial institutions when interest rates are favourable. • Consider exchange rates when trading with other countries
Social	• Customers may not be able to afford products due to low income levels/high unemployment.	• Sell substitute/generic products at lower prices. • Learn local languages/Hire employees who are well conversant with the local language.

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	conversant with the language of their customers. • Some customers may prefer to spend their money on medical bills for the treatment of chronic illnesses. • High crime rate may affect the trading hours of businesses resulting in decreased profit.	
Technological	• Businesses may not keep up with/be aware of the latest technology. • Employees may not be skilled to operate/maintain new technology/ equipment. • Businesses may not be able to afford new technology. • May not be able to cater for/ afford online transactions/e-commerce.	• Continuous research on the latest available technology/equipment in the market. • Train existing/appoint new employees to maintain/use new equipment. • Compare prices/Select suitable suppliers for new equipment at reasonable prices. • Businesses must be geared for online trading/e-commerce
Legal	• Certain Acts may have a direct impact on a business, e.g. the CPA/BCEA. • Legal requirements for operating certain types of businesses time-consuming. • High legal costs involved in obtaining a licence/trade mark/patent may prevent some establishments. • Legalities of business contracts may limit business operations	• Comply with all relevant legislation that may impact on businesses. • Comply with the legal requirements for operating businesses, e.g. licence/trade mark registration/patents. • Budget for high legal establishment costs. • Businesses must know the legalities of business contracts so that they comply with all the requirements.
Environmental	• Chemicals/Ingredients in business' products may be harmful to customers • Measures to dispose of business waste may be expensive. • Packaging of some products may not be environmentally friendly may not be recyclable.	• Chemicals/Ingredients should be clearly indicated on labels/packaging to inform customers about possible side effects/correct use of products. • Implement cost effective measures to dispose of medical waste. • Implement recycling measures to prevent pollution of the environment/Use packaging that is re-usable/recyclable.

NOTE: The industrial analysis tools (SWOT, PESTLE AND PORTERS'FIVE) and business strategies form part of the strategic management process.

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2 Types of business strategies

2.1.1 Integration strategies

Forward integration

- The business combines business with or take over its distributors.
- Involves expansion of business activities to gain control over the direct distribution of the products.

Backward integration

- The business combines business with or take over its suppliers.
- The aim is to decrease the business's dependency on the supplier

Horizontal integration

- A business takes control of/ incorporates other businesses in the same industry/which produce/sell the same goods/services.
- The aim is to reduce the threat of competition /substitute products/services.

Intensive strategies

Market penetration

- New products penetrate an existing market at a low price, until it is well known to the customers and then the prices increases.
- It is a growth strategy where businesses focus on selling existing products to existing markets.
- Focuses on gaining a larger share of the market by reducing prices to increase sales/increasing advertising and promotion.

Market Development

- It is a growth strategy where businesses aim to sell its existing products in new markets.
- This strategy involves finding new markets and new ways to distribute product.

Product Development

- It is a growth strategy where businesses aim to introduce new products into existing markets/modifies an existing product.
- Businesses generate new ideas and develop new products/services

2.1.2 Advantages of intensive strategies

- Increase in sales/income and profitability.
- Regular sales to existing customers may increase.
- Gain customer loyalty through effective promotion campaigns.
- Improved service delivery may positively impact/increase sales.
- Eliminate competitors and dominate market prices.
- Decrease in price could influence customers to buy more products.
- Businesses can have more control over the prices of products/services.

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- Enables the business to focus on markets/well researched quality products that satisfy the needs of consumers.
- Increased market share reduces the business's vulnerability to actions of competitors.

2.2 Diversification strategies

Concentric diversification

- The business adds a new product or service that is related to existing products and which will appeal to new customers.
- Occurs when a business wants to increase its product range and markets.

Horizontal diversification

- The business adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers.
- Occurs when a business acquires or merges with a business that is at the same production stage, but it may offer a different product

Conglomerate diversification

- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers.
- Occurs when a business wants to increase its product range and markets.
- Conglomerate diversification means that a business grows into new products, services and markets.

2.2.1 Advantages of diversification strategies

- Increase sales and business growth.
- Improves the business brand and image.
- Reduces the risk of relying only on one product.
- More products can be sold to existing customers and additional more new markets can be established.
- Businesses gain more technological capabilities through product modification
- Diversification into a number of industries or product line can help create a balance during economic fluctuations.
- Business produce more output using less inputs as one factory may be used to manufacture more products.

2.3 Types of defensive strategies

Divestiture/ Divestment

- The business disposes/sells some assets/divisions that are no longer profitable/ productive.
- Businesses may sell off divisions/product lines with slow growth potential.
- The business sells ownership by decreasing the number of shareholders.
- Unproductive assets are sold to pay off debts.
- Process used to withdraw its investment in another business (divesting).

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Retrenchment

- Terminating the employment contracts of employees for operational reasons.
- Decreasing the number of product lines/Closing certain departments may result in some workers becoming redundant.

Liquidation

- All assets are sold to pay creditors due to a lack of capital/cash flow.
- Selling the entire business in order to pay all liabilities/close down the business.
- Companies in financial difficulty may apply for business rescue to avoid liquidation.
- Creditors may apply for forced liquidation in order to have their claims settled.

NOTE: You must be able to identify the types of business strategies from given scenarios/statement.

3 Steps in evaluating a strategy

- Examine the underlying basis of a business strategy.
- Look forward and backwards into the implementation process.
- Compare the expected results in order to determine the reasons for deviations and analyse these reasons.
- Take corrective action so that deviations may be corrected.
- Set specific dates for control and follow up.
- Draw up a table of the advantages and disadvantages of a strategy.
- Decide on the desired outcome.
- Consider the impact of the strategic implementation in the internal and external environments of the business.

NOTE: The steps can be in any order

TERM 2

INVESTMENT: SECURITIES

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Learners must be able to:

- Outline/Explain/Discuss the functions of the JSE.
- Investigate a range of available business investment opportunities.
- Outline/Mention/Describe/Explain/Discuss the following factors that should be considered when making investment decisions:
  - Return of investment (ROI)
  - Risk
  - Investment term/period
  - Inflation rate
  - Taxation
  - Liquidity
  - Personal budget
  - Investment planning factors
  - Volatility/Fluctuations on investment markets
- Explain/Discuss the various types of investments opportunities e.g. fixed property, stokvels, managed portfolio, venture capital etc.
- Explain the risk factor of each type of investment opportunity.
- Explain/Discuss/Analyse/Evaluate (positives/advantages and/or negatives
- /disadvantages) of the following forms of investment:
  - Government/RSA retail savings bonds
  - Unit trusts
  - Shares
  - Fixed deposit
  - Identify the following types of shares from given scenarios/statement:
  - Ordinary shares
  - Preference shares
  - Bonus shares
  - Founders shares
- Name/Outline/Explain/Discuss types of preference shares.
- Outline/Mention the rights of ordinary and preference shareholders.
- Identify types of preference shares from given scenarios/statements.
- Differentiate/Distinguish between ordinary and preference shares.
- Define/Explain the meaning of debentures, dividends, capital gain, simple interest, compound interest.
- Differentiate/Distinguish between simple interest and compound interest.
- Calculate simple and compound interest from given scenarios.
- Recommend the best investment option based on the calculations.

Terms and definitions

Term	Definition
Investment	Investing/Saving money in order to yield better returns.
JSE/Johannesburg Security Exchange	Is a formal market, trading in shares, comprising of all the public companies that have been listed.
Share	It gives investors the opportunity to obtain a part ownership of a company.
Capital Market / securities market	It is the market for securities/shares where companies and the government can raise long-term funds.
Short term investment	An investment for a period shorter than one year.
Long term investment	An investment for a period for longer than one year.
Fixed rate	The rate of return stays the same for the period of time.
Accumulated	Interest earned over the investment period.

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Simple interest	Calculated on the original/principal amount invested.
Compound interest	Calculated each period on the original/principal amount including all interest accumulated during past periods.
Risk	Refers to the chance that the invested amount may reduce in value/lost in total over a period of time, due to unforeseen circumstances.

Functions of the JSE

- Gives opportunities to financial institutions such as insurance companies to invest their funds in shares.
- Serves as a barometer/indicator of economic conditions in South Africa.
- Keeps investors informed on share prices by publishing the share prices daily.
- Acts as a link between investors and public companies.
- Shares are valued and assessed by experts.
- Small investors are invited to take part in the economy of the country through the buying/selling of shares.
- Venture capital market is made available on the open market.
- Orderly market for securities serves as a disciplined market for securities.
- Encourages new investments.
- Mobilises the funds of insurance companies and other institutions.
- Raises primary capital.
- Regulates the market for dealing with shares.
- Plans, researches and advises on investment possibilities.
- Ensures that the market operates in a transparent manner.
- Provides protection for investors.
- Encourages short-term investment.
- Facilitates electronic trading of shares/STRATE.

2 Factors that should be considered when making investment decisions

- Return of investment (ROI)
- Risk
- Investment term/period
- Inflation rate
- Taxation
- Liquidity
- Personal budget
- Investment planning factors
- Volatility/Fluctuations on investment markets

2.1 Explanation of investment decisions

Return on investment

- Refers to income from the investment, namely interest/dividends/increased capital growth on the original amount invested.
- High risk investments yield higher returns.
- Generally, there will be a direct link between risk and return.
- The return should be expressed as net after-tax gains on the investment.
- Returns can be in the form of capital gains where the asset appreciates in value over time.

Risk

- Shares have low/medium risk over a longer investment period.
- Shares with higher risks have a greater potential for higher returns.
- Ordinary shares have the highest risk as the investor may lose the full/part of the investment when the company is dissolved/bankrupt/liquidated.

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- Preference shareholders' risk is lower, as they have preferential claims on the assets of the liquidated company/may receive some compensation before ordinary shareholders.
- Share prices are linked to factors that investors cannot control, e.g. economic conditions/ operational success of the company, etc.
- Share prices are volatile/unstable/unpredictable/may increase/ decrease sharply within hours which contribute to the uncertainty of the value of an investment in shares on the short term.

Investment period

- This refers to the duration of the investment which may influence the return on investment.
- The longer the investment period the higher the returns.
- The investment period will depend on an investor's personal needs.
- Short term investments enable investors to access their money on a short period if needed.
- The investment period can be short, medium and/or long term depending on the investors' needs.

Inflation rate

- People are affected by a high inflation rate, because their money/purchasing power decreases.
- The return on investment should be higher than the inflation rate.
- Inflation has a positive effect on some investments such as property/shares where the income will increase as inflation increases.

Personal budgets

- Investors can determine the amount of surplus money that can be invested.
- Investors must budget for unforeseen costs.
- Budget should provide for contingency plans/investments/savings.

Liquidity

- An amount could be invested in a type of investment that can easily be converted to cash.
- It is used to describe the ease and speed with which investors can convert an investment into cash.
- Example: an investment in a savings account/unit trust will be easier to convert into cash than an investment in a fixed deposit which is usually deposited for a fixed period of time.

Taxation

- A good investment will yield good after-tax returns.
- Income tax implications must be considered in order to ensure a high net after-tax return.
- Tax rates are not necessarily the same for different investments.

Investment planning factors

- Investors should always consider the safest possible investment opportunities.
- Some investments offer a low income on invested capital, but it could be a safer investment than one that promises a higher income.
- Examine opportunities with a history of good return.
- Divide investments between various investment options.
- The method of calculating the interest/return on investment should be considered.

Volatility/Fluctuations on investment markets

- Fluctuation in national and international economic trends should be considered.
- The level of volatility will determine the amount of returns.

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3 Types of investments opportunities and risk factors

Fixed Property

- Buying a house/piece of land is usually suitable as a long term investment only.
- Large fees/taxes are payable on these transactions, so property cannot be bought/sold every year.
- Return on property is earned in the form of rental/sales/capital gains at a higher price than what it was bought for (including the transfer costs and taxes).
- The location/size of the property may also influence the growth in value over time.

Risk

- Low risk over a long term.
- Risk may be determined by economic conditions and may influence the value of property.

Mutual funds/Stokvels

- It is an informal savings scheme to which a relatively small group of people contribute.
- Each member takes a turn to draw from the scheme/fund/stokvels for their own personal gain.
- No/Small return on investment, as contributions are distributed monthly to one of the members.
- It encourages people to save each month for a specific reason.
- Banking fees are shared by the members, resulting in low cost of investment per member.
- In times when it is hard to get bank loans, stokvel pay-outs may come in handy.
- A stokvel is usually managed by a trustworthy chairman/treasurer, who will be responsible for keeping records and managing the bank account.
- Members usually discuss how the money will be invested and agree on the risks they are willing to take.

Risk

- Schemers who claim to be running stokvels may actually be running illegal pyramid schemes and pay-outs may not be possible as cash has run out/members may lose their savings.
- Money in a savings account is a safe investment, but with low interest rates/the returns are low.

Managed portfolio

- An investor instructs a financial institution/bank/financial advisor to manage his/her various investments/assets in one portfolio.
- If the portfolio does not perform well/as expected, the portfolio/parts thereof may be changed with/without informing the investor.

Risk

- Risk is lower over a longer term/period.
- Investments are made in various sectors/companies, therefore the risk is spread and better managed by the portfolio manager.
- Money is usually invested in the capital market and unforeseen circumstances may impact negatively on the value of the portfolio on the short term/High risk over the short term.

Fixed deposit

- It is a very conservative method of investment at a fixed rate for a fixed period/at a financial institution/bank.
- Money cannot be withdrawn/added during the period of the deposit.
- Investors have to be certain that they will not access/need the money for the period of the deposit.

Risk

- Very low as the investor will receive what was promised.
- As the interest rate is usually fixed, the return will not be affected by market fluctuations.

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32-day notice accounts/Call Deposits

- Money is invested at a fixed rate, although withdrawals may be made provided the bank is given 32 days' notice of the withdrawal.
- It earns more interest than a current/cheque/savings account, but less interest than a fixed deposit.

Risk

- Low risk, as investment plus interest will be paid out on the maturity date of investment.
- Interest is calculated on the daily balance, accelerating the value/return on the investment/lowering the risk.
- Interest rate may fluctuate with market conditions, increasing the risk.

Debentures

- It is issued to raise borrowed capital from the public.
- The lender/debenture holder agrees to lend money to the company on certain conditions for a certain period.
- Debenture holders are creditors, as the company is liable to repay the amount of the debentures.
- Most types of debentures can be traded on the JSE.
- Debenture holders receive annual interest payments based on the terms/ amount of debentures held.

Risk

- Debentures have a low risk as they need to be paid pack.
- Companies are liable to repay the amount of the debenture plus interest, which decrease the risk for the investor.
- Investors may earn a steady income in the form of interest while preserving their principal amount.

Business Ventures/Venture capital

- Venture capital is given by an investor/businesses to start up/expand a business in return to have a share in the new/expanded business.
- Investor(s) should know the type of business/market/economic conditions before a business is bought/started.
- Buying a franchise/existing businesses will be successful, if the investors has done proper research/understand exactly what he/she is investing in.

Risk

- High risk for the investor(s), if research is not properly done.
- Inexperienced business owners that make wrong business decisions may experience big losses/closing down of an existing business.

Endowment/Life insurance policies/Retirement Annuities

- A monthly payment is paid to an insurance company with the expectancy of receiving a pre-determined amount on a date in the future.
- To provide for a future expenses/give peace of mind to the dependants of the insured.

Risk

- Low risk, as the insured amount will be paid out regardless of circumstances.
- Only the closing down/bankruptcy of the insurance company may result in losing the monthly contributions made up to the close down date.

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Unit trusts

- It is a collection of investment options/methods made up of shares in different companies.
- The investments of a number of investors are pooled together in a unit trust fund, managed by a fund/portfolio manager/expert.
- Can be bought directly from the accredited service providers.

Risk

- Investment may be made in high and low risk shares, which spread the risk throughout the fund and lowers the risk for all the investors/fund members.
- Fund managers are able to manage the risk level of the fund on behalf of the investors.

Shares

- Companies sell/issue portions of its ownership to shareholders in the form of shares on the open market to obtain capital/funds to operate its core business.
- Shares give the holder one vote per share and the right to receive a dividend (portion of the profit).
- Companies do not have to repay share capital and is therefore risk avoiding capital.
- Shares of listed companies are traded on the JSE.
- Shares can be bought/sold through stock/share brokers to whom a brokerage/fee will be paid by the investor.
- Types of shares differ with respect to the claims to profits/dividends/voting rights/claims to assets should the company be liquidated.
- Ordinary shares can be divided into different types, e.g. blue chip/bonus/ growth/income/defensive shares.
- Ordinary shares have no special rights or restrictions and may yield/earn higher dividends, but also have higher risk.
- Types of preference shares are cumulative/non-cumulative/participating/non-participating/redeemable/non-redeemable/convertible/non-convertible shares.
- Preference shareholders mostly receive a fixed dividend and are paid before other shareholders.

Risk

- Shares have low/medium risk over a long term/investment period.
- Ordinary shares have the highest risk as the investor may lose the full or part of the investment when the company is dissolved/bankrupt/liquidated.
- Preference shareholders' risk is lower, as they have preferential claims on the assets of the liquidated company/may receive some compensation before ordinary shareholders.
- Share prices are linked to factors that investors cannot control, e.g. economic conditions, operational success of the company, etc.
- Share prices are volatile/unstable/unpredictable/share values may increase/ decrease sharply within hours which contribute to the uncertainty of the value of an investment on the short term.

RSA Retail Savings Bonds

- To encourage saving, the SA Government offers SA citizens the opportunity to invest in saving bonds.
- Two different types of bonds are available, i.e. fixed rate/inflation linked retail savings bonds.

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- A market related interest rate is determined when investment is made and remains fixed for the whole term of the investment.
- Interest is earned half-yearly on 31 March and 30 September and paid out into the bond holder's/investor's bank account.
- It cannot be used as security to obtain loans, so creditors cannot have any claim on it.
- It can be inherited by a nominated beneficiary/when the investor dies.

Risk

- Risk is very low, as an investment is made in the government who cannot disappear/go bankrupt.
- It is a safe investment, as it cannot be sold on the open market/not exposed to market risks.

4 Forms of investments

- Government/RSA retail savings bonds
- Unit trusts
- Shares
- Fixed deposit

4.1 Impact of FOUR forms of investments

4.1.1 Impact of RSA Retail Savings Bonds/Government Retail Bonds

Positives/ Advantages

- Guaranteed returns, as interest rate is fixed for the whole investment period.
- Interest rates are market related and attract more investors.
- Interest can be received twice a year.
- Interest is usually higher than on fixed deposits.
- Retail bonds are listed on the capital bond markets/on the JSE.
- Low risk/Safe investment, as it is invested with the South African Government which cannot be liquidated
- No charges/costs/commissions payable on this type of investment.
- Investment may be easily accessible, as cash may be withdrawn after the first twelve months.
- It is an affordable type of investment for all levels of income earners including pensioners.
- Retail bonds are easily/conveniently obtained electronically/from any Post Office/directly from National Treasury.
- Investors younger than 18 years/Minors may invest with the help of a legal guardian, which encourages saving from a young age.

AND/OR

Negatives/ Disadvantages

- Retail bonds cannot be ceded to banks as security for obtaining loans.
- A minimum of R1 000 must be invested, which may be difficult for some small investors to accumulate.

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- Retail bonds are not freely transferable amongst investors.
- Investors need to have valid SA identification/should be older than 18 years which may discourage foreigners/young people to invest.
- Penalties are charged for early withdrawals, if the savings is less than 12 months old.

4.1.2 Impact of unit trusts

Positives/ Advantages

- Managed by a fund manager who buys shares on the stock exchange/JSE.
- Easy to cash in when an investor needs money.
- A small amount can be invested per month.
- Generally beats inflation on the medium/long term.
- Safe investments, as it is managed according to rules and regulations.
- The investor has a variety to choose from/a wider range of shares from lower to higher degrees of risk.
- Easy to invest in, as investors simply complete a few relevant forms or invest online.
- Fluctuations in unit trust rates of return are often not so severe because of diversity of the investment fund.
- Offer competitive returns in the form of capital growth and dividend distribution.
- Fund managers are knowledgeable/experts/reliable/trustworthy as they are required to be accredited to sell unit trusts.

AND/ OR

Negatives/ Disadvantages

- Share price may fluctuate
- Unit Trusts are not allowed to borrow, therefore reducing potential returns.
- Not good for people who want to invest for a short period
- Not good for people who want to avoid risks at all costs.
- If blue chip companies do not continue on their growth path, the growth of unit trusts will also be affected and will not render the expected returns.
- Bid/Ask prices exist with the price that you can buy a unit for usually higher than the price you can sell it for - making investment less liquid.

4.1.3 Impact of shares/Ordinary shares

Positives/ Advantages

- Can be freely transferred/traded on the JSE.
- Shareholders' liability to the debt of the company is limited to what was invested/Shareholders have limited liability for company debts
- Shareholders have voting rights at the annual general meeting (AGM).
- Investing in shares provides protection against inflation.
- Investing in shares can provide solid returns at retirement age.
- Rate of return on investment (ROI) is linked to the performance of the company.
- Ordinary shares are usually cheaper than preference shares on the open market
- Holding a higher number of shares may result in higher proportional dividend pay-outs.

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AND/OR

Negatives/ Disadvantages

- Shareholders may receive less dividends/no dividends when company profits are low.
- Companies have no legal obligation to pay dividends to shareholders.
- Risk may be high, as investment may be lost when companies are liquidated.
- Dividends declared may be determined by the management/directors of the company/business.

4.1.4 Impact of fixed deposits

Positives/ Advantages

- Interest is earned at a fixed rate regardless of changes in the economic climate.
- The period of investment can be over a short/medium/long term.
- Investors can choose the investment period that suits them.
- Principal amount plus interest earned is paid out on the maturity date.
- Ensures financial discipline as investors cannot withdraw their funds before the maturity date.
- Investors earn a better return on investment than on an ordinary savings account.
- The higher the principal amount/the longer the investment period, the higher the interest rate offered by a financial institution.

AND/OR

Negatives/ Disadvantages

- The investor cannot withdraw their funds before the maturity date.
- Low returns compared to other investments.
- May not outperform the effect of inflation over long term.

4.2 TYPES OF SHARES

4.2.1 Ordinary shares

- Ordinary shares only receive dividends when profit is made.
- Normally the higher the net profit, the higher the dividend.
- Shareholders are the last to be paid, if the company is declared bankrupt liquidated.
- Dividends vary from year to year according to profits made and are determined by the company/board of directors.
- Shareholders have a right to vote at the Annual General Meeting/AGM.

Rights of ordinary shareholders

Shareholders have a right to:

- vote at the Annual General Meeting.
- attend the Annual General Meeting to learn about the company's performance.
- receive interim and annual reports.
- claim on company assets in the event of bankruptcy after all other creditors and preferential shareholders have been paid

4.2.2 Preference shares

- Some of these types of shares receive dividends regardless of whether a profit is made.
- A fixed rate of return is paid on this type of shares.
- Shareholders have a preferred claim on company assets in the event of bankruptcy/liquidation.
- These shares enjoy preferential rights to dividends/repayment over ordinary shares.
- Dividends are payable according to the type of preference share.
- Voting rights are restricted to particular circumstances/resolutions.
- Non-cumulative preference shareholders will not receive any outstanding dividends from previous years.
- Cumulative preference shareholders will receive outstanding dividends from previous years.

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- Redeemable preference shares can be redeemed/bought back at the option of the issuing company on a pre-determined future date.
- Non-redeemable preference shares are only bought back when the company closes down for reasons other than bankruptcy.
- Convertible preference shares are converted to ordinary shares after a fixed period/on the date specified when the preference shares were issued.
- Non-convertible preference shares will not be converted into ordinary shares.

Rights of preference shareholders

Shareholders have right to:

- Receive dividends regardless of how much profits are made.
- Receive a fixed rate of return/dividend.
- They are paid first/enjoy preferential rights to dividends.
- They have a preferred claim on company assets in the event of bankruptcy/ liquidation of the company.
- Receive interim and annual reports.
- They only have voting rights at the AGM under particular circumstances/for certain resolutions.
- Cumulative shareholders must receive outstanding/accrued dividends from previous years.
- Participating preference shareholders have the right to share in surplus profits.

NOTE: you must know the rights of ordinary and preference shares.

4.2.3 Founders' shares

- Issued to the founders and incorporators/promoters of the company.
- They receive dividends after all other shareholders were paid.

4.2.4 Bonus shares

- Payment in the form of shares to shareholders.
- Issued as compensation for unpaid dividends.
- Shareholders will own more shares and collect more dividends in the future.
- Shareholders receive these shares without being required to pay for them.

NOTE: You must be able to identify the above mentioned types of shares from given scenarios/statement.

4.3 Types of preference shares

Participating preference shares

Shareholders:

- are guaranteed minimum fixed dividends.
- are entitled to share in any surplus company profits.
- receive higher dividends when the company performs well.
- have preferential rights over ordinary shares on repayment when the company closes down.

Non-participating preference shares/Ordinary preference shares

Shareholders:

- receive an amount equal to the initial investment plus accrued and unpaid dividends upon liquidation.
- do not have right to participate in profits after equity shareholders have been paid a dividend.
- will not get extra dividend in case of surplus profits.
- entitled to receive only a fixed rate of dividend every year.

Cumulative preference shares

- Shareholders are compensated for past dividends that were not paid out when profits were too low to declare dividends/Receive dividends not previously paid out.

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Non-cumulative preference shares

- Shareholders are not compensated for past dividends that were not paid out when profits were low.

Redeemable preference shares

- Shares can be redeemed/ bought back at the option of the issuing company, either at a fixed price on a specified date/over a certain period of time.

Non-redeemable preference shares

- Shares are only bought back when the company closes down for reasons other than bankruptcy.

Convertible preference shares

- Shares can be converted into a predetermined number of ordinary shares on the date specified when the preference shares were issued.

Non-convertible preference shares

- Shares cannot be converted into ordinary shares.

NOTE: You must be able to identify the above mentioned types of preference shares from given scenarios/statements.

4.4 Differences between ordinary and preference shares

ORDINARY SHARES	PREFERENCE SHARES
• Ordinary shares only receive dividends when profit is made.	• Some of these types of shares receive dividends regardless of profit made.
• Normally the higher the profit, the higher the dividend.	• A fixed rate of return is paid on this type of shares
• Shareholders are the last to be paid, if the company is declared bankrupt/liquidated.	• Shareholders have a preferred claim on company assets in the event of bankruptcy/liquidation.
• Ordinary shares are standard shares with no special rights or restriction.	• These shares enjoy preferential rights to dividends/repayment over ordinary shares.
• Dividends vary from year to year according to profits made as determined by the company.	• Dividends are payable according to the type of preference share. • Non-cumulative preference shareholders will not receive any outstanding dividends from previous years. • Cumulative shareholders will receive outstanding dividends from previous years.
• Shareholders have a right to vote at the Annual General Meeting.	• Voting rights are restricted to particular circumstances/resolutions.

5 Investments concepts

- Debentures
- Dividends
- Capital gain
- Simple interest
- Compound interest.

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5.1 Description of investment concepts

5.1.1 Debentures

- It is issued to raise borrowed capital from the public.
- The lender/debenture holder agrees to lend money to the company on certain conditions for a certain period.
- Debenture holders are creditors, as the company is liable to repay the amount of the debentures.
- Most types of debentures can be traded on the JSE.
- Debenture holders receive annual interest payments based on the terms/ amount of debentures held.

5.1.2 Dividends

- The return on an investment in shares which is paid regularly by a company to its shareholders.
- Dividends are decided and managed by the company's board of directors and approved by the shareholders through their voting rights.

5.1.3 Capital gain

- The return on property/fixed assets/investments.
- Capital gains tax is payable when you sell an asset that has increased in value since you bought it

5.1.4 Simple interest

- The interest is calculated on the original/principal amount invested.
- The principal amount remains the same over the entire period of investment.
- The interest is kept separate unless it is reinvested
- Yields less return on investment.

5.1.5 Compound interest

- Interest is calculated in every period on original/principal amount plus interest.
- Interest is added to the original/principal amount and interest is earned on interest for each defined period.
- As interest is added to the investment, the capital increases.

6 Distinction between compound and simple interest

COMPOUND INTEREST	SIMPLE INTEREST
Interest earned on original amount invested, as well as interest earned in previous period(s).	Interest earned on the original amount and not on the interest accrued.
The principal amount grows with the addition of interest to it.	The principal amount remains the same over the entire period of investment.
Interest is calculated on the higher principal amount and again added to it.	The interest is kept separate unless it is reinvested.
Yields high return on investment.	Yields less return on investment.
Total amount of interest earned on investment is high.	Total amount of interest earned on investment is less.

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7 Examples of how to calculate the simple and compound interest

Ronnete wants to invest R30 000 in a fixed deposit for two years. She approached two banks. Saints Bank offered her 12% simple interest per annum and Caprica Bank 12% compounded interest per annum.

- Calculate the interest amount Ronnete will receive after two years if she invests with Saints Bank.
- Calculate the interest amount Ronnete will receive after two years if she invests with Caprica Bank.
- Recommend the best investment option for Ronnete. Motivate your answer.

Calculation of simple interest of the above scenario

FORMULA: Interest = PxRxT

R30 000 x 12% x 2 years = R7200

Calculation of Compound interest of the above scenario

Option 1
Year 1: R30 000 x 12% = R3600
Year 2: R33 600 x 12% = R4032
Total interest = R7632

OR

Option 2
FORMULA: $P \times (1 + r)^n$
$R30\,000 \times (1+12/100)^2$
$R30\,000 \times (1.12)^2 = R37\,632$
Total interest = R37 632- R30 000
= R7632

8 Recommendation on the best investment option based on the calculations

Compound interest is the best option based on the calculations above.

Motivation
Compound interest yields a higher interest of R7 632 than the simple interest/ Ronnete earns interest on interest accrued.

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INVESTMENT: INSURANCE

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This chapter consists of 12 pages

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Learners must be able to:

- **Define/Elaborate on the meaning of insurance**

NON-COMPULSORY INSURANCE

- Explain/Elaborate on the meaning of non-compulsory insurance
- Explain/Elaborate on the meaning of the following insurance concepts:
  - Over-insurance
  - Under-insurance
  - Average clause
  - Reinstatement
- Explain the differences between over and under insurance
- Differentiate/Distinguish between insurance and assurance. Give examples.
- Name/Give examples of short term and long term insurance.
- Name/Mention/Explain/ Discuss the following principles of insurance:
  - Indemnification/Indemnity
  - Security/Certainty
  - Utmost good faith
  - Insurable interest
- Apply the average clause to calculate the compensation in the case of under-insurance.
- Discuss/Explain the advantages/importance of insurance.
- Explain the meaning of insurable and non-insurable risks.
- Outline/Mention/Give examples of insurable and non-insurable risks

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COMPULSORY INSURANCE

- Explain/Elaborate on the meaning of compulsory insurance.
- Discuss/Explain types of compulsory insurance e.g. Unemployment Insurance Fund (UIF), Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)/ Compensation for Occupational Injuries and Diseases Fund (COIDA).
- Explain the types of benefits paid out by the UIF
- Identify types of compulsory insurance from given scenarios/statements.
- Explain/Differentiate/Distinguish between compulsory and non- compulsory insurance and give examples.
- Keep abreast of the changes in legislation from time to time e.g. the RAF is currently changing to the RABS (Road Accident Beneficiary Scheme).

TERMS AND DEFINITIONS

Term	Definition
Insurance	It is a contract between a person/business/insured requiring insurance cover and the insurance company/insurer bearing the financial risk.
Insurance contract	An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss in exchange for a premium.
Insurer	An insurance company that will take over specified risks
Insured	Individual/Business that takes out insurance coverage.
Indemnify	To compensate, protect or re-pay the insured in the event of a loss or damage.
Insured value	The amount of money agreed to by the insured and insurer to insure assets/life of a person when the contract is signed.
Book value	The purchase price of an asset , less depreciation
Risk	Possibility of losses/damages
Premium	The payment made by insured to be covered in the event of losses/damages.
Life insurance	It is a long term insurance and is taken out on the life of a human being and cover for the loss of life.
Public liability	Damage caused by business operations to the public
Insurable interest	Is expressed in financial terms and is the interest that the insured stand to lose if there are losses or damages.
Unemployment Insurance Fund (UIF)	This fund provides benefits to workers who have been working and are now unemployed for reasons such as retrenchment.
Road Accident Fund (RAF) Road Accident Benefit Scheme (RABS)	This fund pays compensation when a person is disabled/injured in a road accident and to dependents of the individual if killed in a road accident.
Compensation for Occupational Injuries and Diseases (COIDA)	This fund compensates workers financially for disability that may arise as a result of accidents while performing duties in the workplace.

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1 Meaning of insurance

- Insurance refers to cover for a possible event that may cause a specified loss/ damage.
- An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss/damage.
- The insured has to pay a premium for specified losses/damages covered.
- A contract between a person/business/insured requiring insurance cover and the insurance company/insurer bearing the financial risk.

2 NON-COMPULSORY INSURANCE

2.1 The meaning of non-compulsory insurance

- Non-compulsory insurance is voluntary/the insured has a choice whether to enter into an insurance contract.
- It is not required by law, but it can provide protection for businesses and individuals.
- It is taken out in order to transfer the risk of something happening onto the insurance company.
- These risks include theft, damaged cars, damaged buildings/ premises/injuries on premises etc.
- Non-compulsory can be divided into:
  - Short-term insurance e.g. fire, theft etc.
  - Long-term insurance e.g. retirement/death etc.

2.2 Meaning of insurance concepts

2.2.1 Over insurance

- Over insurance is when the item is insured for more than the actual market value.
- Businesses will not receive a pay-out larger than the value of the loss at market value.
- This means that the extra money paid for the premiums will not be paid out to the insurer if there is a claim for a loss.

2.2.2 Under-insurance

- Occurs when property or assets are insured for their full market value.
- The property/asset is insured for less than the current/actual value of the property/assets
- If a business is insured for an amount that is under the actual market value of goods or service, the insured/business will only be paid out for the amount that the goods/assets are insured for.
- The insurer usually applies the average clause to calculate the amount of money that must be compensated to the insured if the goods/assets are under insured.

2.2.3 Average clause

- A stipulation set by the insurer which is applicable when property/goods is under insured/insured for less than its market value.
- The insurer will pay for insured loss/damages in proportion to the insured value.
- This means that the insured is responsible for a part of the risk that is not insured.

NOTE: The average clause applies when goods/assets are under insured.

Formula for calculating the average clause

- The insured amount is divided by the market value of the insured item and multiplied by the total value/amount of the damages/loss.
- Insurance companies apply the following formula to determine the amount to be paid out to the insured:

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FORMULA: (**Amount insured ÷ Market value) x damages**

$$\frac{\text{Amount insured}}{\text{Value of insured item}} \times \text{Amount of damages/loss}$$

Example of calculating the average clause

Peter owns a thatched house valued at R100000. He insured his house with Pro-Cover Insurers for R800000. Afire in the kitchen caused damages of R30000.

1. Calculate the amount that Pro-Cover Insurers will pay Peter to cover damages. Show ALL calculations.
2. Explain to Peter the reason why he did not qualify for the full amount of damages sustained.

$$\frac{R800000}{R1000000} \times R30000$$

=R24000

Reasons for not qualifying for the full amount of damages

- Peter insured his house for less (R800 000) than the market value (R1 000 000).
- He was underinsured so the average clause had to be activated.
- He will only receive R24 000 for damages, and not the full amount of the claim (R30 000).

2.2.4 Reinstatement

- It is a stipulation whereby the insurer may replace lost/damaged property/goods instead of reimbursing the insured.
- This stipulation is applicable when property/goods are over insured.
- The re-instatement value will not be higher than the market value of the loss.
- Insured is returned to almost the same financial position as before the loss occurred.
  Example: A business property that has been insured for R300 000 but the market value for the property is R200 000. If it is destroyed by fire/storm etc, the insurer will rebuild the property instead of paying cash.
  NOTE: 1 Reinstatement applies when goods/assets are over-insured.
  2 There is no formula for calculating over insurance. Therefore you will not be asked to calculate over insurance.

3 Differences between over and under-insurance

OVER-INSURANCE	UNDER-INSURANCE
Property/Assets that are insured for more than their value.	Property/Assets that are not insured for their full market value.
The insurer can choose to reinstate the insured.	The insurer will implement the average clause to determine the amount that will be paid.
Businesses will not receive a pay-out larger than the value of the loss at market value	Businesses will only be paid out for the amount that the goods/assets are insured for.

4 Differences between insurance and assurance

INSURANCE	ASSURANCE
Based on the principle of indemnity	Based on the principle of security/ certainty
The insured transfers the cost of potential loss to the insurer at a premium	The insurer undertakes to pay an agreed sum of money after a certain period has expired/on the death of the insured person, whichever occurred first

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It covers a specified event that may occur	Specified event is certainty, but the time of the event is uncertain
Applicable to short term insurance	Applicable to long term insurance
Examples	**Examples**
Property insurance/money in transit/theft/burglary/fire	Life insurance/endowment policies/ retirement annuities,

NOTE: Both insurance and assurance form part of non-compulsory insurance

5 Examples of short term and long term insurance

SHORT TERM INSURANCE	LONG TERM INSURANCE
• Property insurance • Money in transit • Theft • Burglary • Fire	• Endowment policy • Life cover policy/Life insurance • Retirement annuity/Pension fund/Provident fund • Disability policy • Trauma insurance • Funeral insurance • Health insurance/Medical aid

6 Principles of insurance

6.1 Indemnification/Indemnity

- Usually applies to short term insurance, as the insured is compensated for specified/proven harm/loss.
- Insurer agrees to compensate the insured for damages/losses specified in the insurance contract, in return for premiums paid by the insured to the insurer.
- Protects the insured against the specified event that may occur.
- Pay-outs from insurance companies/insurer will only be made; if there is proof that the specified event took place/if the insured can prove the amount of the loss/ damage.
- The amount of indemnification/compensation is limited to the amount of provable loss/damage, even if the amount in the policy/insurance contract is higher.
- The insured must be placed in the same position as before the occurrence of the loss/damage/The insured may not profit from insurance.

6.2 Security/Certainty

- Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life.
- A predetermined amount will be paid out when the insured reaches a pre-determined age/or gets injured due to a predetermined event.
- Aims to provide financial security to the insured at retirement/the dependents of the deceased.

6.3 Utmost good faith

- Insured has to be honest in supplying details when entering in an insurance contract.
- Both parties/insurer and insured must disclose all relevant facts.
- Insured must disclose everything that may affect the extent of the risk.
- Details/Information supplied when claiming should be accurate/true.

6.4 Insurable interest

- Insured must prove that he/she will suffer a financial loss if the insured object is damaged/lost/ceases to exist.
- An insurable interest must be expressed in financial terms.
- Insured must have a legal relationship with the insured object in the contract.

NOTE: The principles of insurance form the basis of an insurance contract between the insurer and the insured.

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7 Advantages/Importance of insurance for businesses

- Transfers the risk from the business/insured to an insurance company/insurer.
- Transfer of risk is subject to the terms and conditions of the insurance contract.
- Protects businesses against dishonest employees.
- Protects businesses against losses due to death of a debtor.
- Protects the business against theft/loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc.
- Protects businesses from claims made by members of the public for damages that the business is responsible for.
- Businesses will be compensated for insurable losses, e.g. destruction of property through fire.
- Businesses assets, e.g. vehicles/equipment/buildings need to be insured against damage and/or theft.
- Businesses are protected against the loss of earnings, e.g. strikes by employees which result in losses worth millions.
- Life insurance can be taken on the life of partners in a partnership to prevent unexpected loss of capital.
- Should the services of key personnel be lost due to accidents/death, the proceeds of an insurance policy can be paid out to the business/beneficiaries.
- Replacement costs for damaged machinery/equipment are very high, therefore insurance can reduce/cover such costs.

8 Meaning of insurable and non-insurable risks

8.1 Meaning of insurable risks

- These risks are insured by insurance companies.
- Insurance companies decide on the likelihood of an event and then decide if they want to insure the risk

8.2 Meaning of non-insurable risks

- These risks are not insured by insurance companies as insurance cost/risks are too high/remains the responsibility of the business.
- The insurance company cannot calculate the profitability of the risk and therefore they cannot work out a premium that the business must pay.

8.3 Examples of insurable and non- insurable risks

INSURABLE RISKS	NON-INSURABLE RISKS
Examples • Theft • Fidelity insurance • Burglary • Money in transit • Fire • Natural disaster/Storms/Wind/Rain/Hail • Damage to/Loss of assets/vehicles/ equipment/buildings/premises • Injuries on premises	**Examples** • Nuclear weapons/war • Changes in fashion • Improvement/changes in technology • Irrecoverable debts • Financial loss due to bad management • Possible failure of a business • Shoplifting during business hours • Loss of income if stock is not received in time/Time that elapses between the ordering and delivery of goods.

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9 Compulsory insurance

9.1 Meaning of compulsory insurance

- Compulsory insurance is insurance that is required by law before /businesses/individuals may engage in certain activities.
- Compulsory insurance is intended to safeguard the welfare of everyone concerned.
- It is regulated by Government and does not require insurance contracts/brokers.
- Payment is in the form of a levy/contribution paid into a common fund from which benefits may be claimed under certain conditions

9.2 Types of compulsory insurance

- Unemployment Insurance Fund (UIF)
- Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)
- Compensation Fund/Compensation for Occupational Injuries and Diseases/COIDA

NOTE: Do not confuse the examples of compulsory insurance with the examples of long term insurance.

9.2.1 Unemployment Insurance Fund (UIF)

- The UIF provides benefits to workers who have been working and become unemployed for various reasons.
- Employees contribute 1% of their basic wage to UIF.
- Businesses contribute 1% of basic wages towards UIF, therefore reducing the expense of providing UIF benefits themselves.
- The contribution of businesses towards UIF increases the amount paid out to employees that become unemployed.
- All employees who work at least 24 hours per month are required to be registered for UIF/contribute to the UIF.
- It is an affordable contribution that makes it possible for businesses to appoint substitute workers in some instances.
- The business cannot be held responsible for unemployment cover as the UIF pays out to contributors directly/dependants of deceased contributors.
- Businesses are compelled to register their employees with the fund and to pay contributions to the fund.

NOTE: You will be not be awarded marks writing "workman's compensation fund" instead of UIF.

Benefits of UIF

Unemployment benefits

- Employees, who become unemployed/retrenched due to restructuring/an expired contract, may claim within six months after becoming unemployed.
- Unemployed employees may only claim, if they contributed to UIF.
- Unemployed employees enjoy these benefits until the allocated funds are exhausted.
- If a worker voluntarily terminates his/her contract, he/she may not claim.
- No tax is payable on unemployment benefits.

Illness benefits/ Sickness/ Disability

- Employees may receive these benefits if they are unable to work for more than 14 days without receiving a salary/part of the salary.
- Employees may not claim these benefits if they refuse medical treatment.

Maternity benefits

- Pregnant employees receive these benefits for up to 4 consecutive months.
- If an employee had a miscarriage, she can claim for up to six weeks/42 days.

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Adoption benefits

- Employees may receive these benefits if they adopt a child younger than two years.
- Employees who take unpaid leave/may receive part of their salary while caring for the child at home.
- Only one parent/partner may claim.

Dependants' benefits

- Dependants may apply for these benefits if the breadwinner, who has contributed to UIF dies.
- The spouse of the deceased may claim, whether he/she is employed or not.

NOTE: Do not confuse the benefits of UIF with types of leaves

9.2.2 Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)

- RAF/RABS insures road-users against the negligence of other road users.
- The RAF/RABS provides compulsory cover for all road users in South Africa, which include South African businesses.
- Drivers of business vehicles are indemnified against claims by persons injured in vehicle accidents.
- RAF/RABS is funded by a levy on the sale of fuel/diesel/petrol.
- The amount that can be claimed for loss of income is limited by legislation.
- The next of kin of workers/ breadwinners who are injured/killed in road accidents, may claim directly from RAF/RABS.
- Injured parties and negligent drivers are both covered by RAF/RABS.
- The injured party will be compensated, irrespective of whether the negligent driver is rich/poor/insured/uninsured.
- RABS aims to provide a benefit scheme that is reasonable/equitable/affordable/ sustainable, etc.
- RABS aims to simplify/speed up the claims process as victims of road accidents no longer have to prove who caused the accident.
- RABS enables road accident victims speedy access to medical care as delays due to the investigation into accidents has been minimised.

NOTE: You will be awarded a mark if you write the word "third party" instead of RAF.

9.1.3 Compensation Fund/Compensation for Occupational Injuries and Diseases/COIDA

- The fund covers occupational diseases and workplace injuries.
- Compensates employees for injuries and diseases incurred at work.
- Compensation paid is determined by the degree of disablement.
- The contribution payable is reviewed every few years according to the risk associated with that type of work.
- All employers are obliged to register with the compensation fund so that employees may be compensated for accidents and diseases sustained in the workplace.
- The fund covers employers for any legal claim that workers may bring against them.
- Employers are required to report all accidents within 7 days and occupational diseases within 14 days to the Compensation Commissioner.
- Employers are responsible for contributing towards the fund and may not claim money back from employees/deduct contributions from wages.
- In the event of the death of an employee as a result of a work related accident/ disease, his/her dependant(s) will receive financial support.
- Employees do not have to contribute towards this fund.
- Employees receive medical assistance provided there is no other party/medical fund involved.

10 Differences between compulsory and non-compulsory insurance

Compulsory insurance	Non-compulsory insurance
Required by Law/there are legal obligations for it to be taken out and paid for.	Is voluntary/the insured has a choice whether to enter into an insurance contract.
It is regulated by Government and does not require insurance contracts/brokers	Insured will enter into a legal insurance contract with the insurer, who may be represented by an insurance broker.

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Payment is in the form of a levy/contribution paid into a common fund from which benefits may be claimed under certain conditions.	Monthly/Annual payments/premiums that must be paid in order to enjoy cover for a nominated risk.
Examples UIF, RAF and Compensation Fund/COIDA	**Examples** Short term insurance/Multi-peril insurance (theft, fire, etc.) Long term insurance/Life insurance

TEAM PERFORMANCE&CONFLICT MANAGEMENT

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This chapter consist of 10 pages

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Learners must be able to:

TEAM PERFORMANCE ASSESSMENT

- Outline/Explain/Discuss the criteria for successful team performance: interpersonal attitudes and behaviours, shared values, communication and collaboration.
- Identify the above-mentioned criteria from given scenarios/statements.
- Outline/Explain/Discuss the characteristics of successful team performance.
- Identify/Name the following stages of team development from given scenarios/statements:
    - Forming
    - Storming
    - Norming
    - Performing
    - Adjourning/Mourning
- Explain/Describe/Discuss the above-mentioned stages of team development.
- Describe/Explain/Discuss/Elaborate on the importance of team dynamic theories in improving team performance e.g. allocating tasks according to the roles of team members.

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CONFLICT RESOLUTION

- Mention/Outline/Explain/Describe/Discuss causes of conflict in the workplace.
- Identify causes of conflict from given scenarios/statements
- Explain/Advise businesses on how they should handle conflict in the workplace (Conflict resolution steps/techniques)

DEALING WITH GRIEVANCES AND DIFFICULT PEOPLE/PERSONALITIES

- Differentiate between grievance and conflict.
- Explain/Discuss the correct procedures to deal with grievances in the workplace.
- Identify/Name the following difficult people/ personalities from given scenarios/statements:
  - Complainer
  - Indecisive
  - Over-agree
  - Negativity
  - Expert
  - Quiet
- Suggest/Recommend ways in which businesses can deal with the above mentioned difficult people/personalities in the workplace.
- Explain/Suggest ways in which businesses can deal with difficult employees in the workplace.

TERMS AND DEFINITIONS

TERMS	DEFINITION
Team	Group of people who work together to achieve a common goal.
Conflict	A disagreement/a clash of opinions in the workplace.
Task/Work	Activity/function performed by an individual or team members.
Teamwork	Interactions with team members to achieve a common goal.
Team dynamics	A way in which team members work together in a group.
Forming	Team members get to know each other and accept their roles in the team.
Storming	Team members confront each other with their different ideas.
Norming	Team members accept each other and set common goals and values for the team.
Performance	An accomplished task measured against pre-set known standards.
Adjourning	Team members have to leave a team after completion of the tasks.
Team dynamic theories	Assist to allocate tasks according to the roles of individual members.
Grievance	A formal complaint laid by an employee when he/she feels that he/she has been ill-treated by the employer.
Co-operation/ Collaboration	Willingness to co-operate in the team to achieve objectives.
Mutual	Two people share the same feeling
Commitment	Keeping to a promise/arrangement/cause
Accountability	When someone is held responsible for his/her actions
Interpersonal attitudes	The personality that a person continuously develops
Interpersonal behavior	How two or more people interact with one another

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Shared values	A group of people with the same set of standards and beliefs.
Assess	Check how well something has been done

TEAM PERFORMANCE ASSESSMENT

1 Criteria for successful team performance

1.1 Interpersonal attitudes and behaviour

- Members have a positive attitude of support and motivation towards each other.
- Good/Sound interpersonal relationships will ensure job satisfaction/increase productivity of the team.
- Members are committed/passionate towards achieving a common goal/ objectives.
- Team leader acknowledges/gives credit to members for positive contributions.

1.2 Shared values/ Mutual trust and support

- Shows loyalty/respect/trust towards team members despite differences.
- Shows respect for the knowledge/skills of other members.
- Perform team tasks with integrity/pursuing responsibility/meeting team deadlines with necessary commitment to team goals.

1.3 Communication

- A clear set of processes/procedures for team work ensures that every team member understands his/her role.
- Efficient/Good communication between team members may result in quick decisions.
- Quality feedback improves the morale of the team.
- Open/Honest discussions lead to effective solutions of problems.
- Continuous review of team progress ensures that team members can rectify mistakes/act pro-actively to ensure that goals/targets are reached.

1.4 Co-operation/ Collaboration

- Clearly defined realistic goals are set, so that all members know exactly what is to be accomplished.
- All members take part in decision making
- Willingness to co-operate as a unit to achieve team objectives.
- Co-operate with management to achieve team/business objectives.
- Agree on methods/ways to get the job done effectively without wasting time on conflict resolution.
- A balanced composition of skills/knowledge/experience/expertise ensures that teams achieve their objectives.

NOTE: You must be able to identify the above mentioned criteria for successful team performance from given statements/scenarios

2 Characteristics of successful team performance

- Successful teams share a common goal as team members are part of the process of setting goals for the group.
- There is a climate of respect/trust and honesty
- Share a set of team values and implement group decisions.
- Successful teams have sound intra-team relations
- Teams value the contributions of individual members and reach consensus on differences.
- Team members enjoy open communication and deal with items of conflict immediately.
- Teams are accountable and members know the time frame for achieving their goals.
- Teams pay attention to the needs of the individual team members.

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- Creates an environment where team members are given opportunities to develop so that team members grow and learn from the experience of working in a team.
- Regular reviews of team processes and progress may detect/solve problems sooner.
- Balance the necessary skills/knowledge/experience/expertise to achieve the objectives.

3 The stages of team development

- Forming
- Storming
- Norming
- Performing
- Adjourning/Mourning

DESCRIPTION OF EACH STAGE OF TEAM DEVELOPMENT

3.1 Forming stage

- Individuals gather information and impressions about each other and the scope of the task and how to approach it.
- Teams are comfortable and polite with each other during this stage.
- People focus on being busy with routines, such as team organisation e.g. who does what, when to meet each other, etc.

3.2 Storming

- Teams go through a period of unease/conflict after formation.
- Different ideas from team members will compete for consideration.
- Team members open up to each other and confront each other's ideas/ perspectives.
- Tension/struggle/arguments occur and upset the team members/there may be power struggles for the position of team leader.
- In some instances storming can be resolved quickly; In others, the team never leaves this stage.
- Many teams fail during this stage as they are not focused on their task.
- This phase can become destructive for the team/will negatively impact on team performance, if allowed to get out of control.
- This stage is necessary/ important for the growth of the team.
- Some team members tolerate each other to survive this stage.

3.3 Norming/Settling/reconciliation

- Team members come to an agreement and reach consensus.
- Roles and responsibilities are clear and accepted.
- Processes/working style and respect develop amongst members.
- Team members have the ambition to work for the success of the team.
- Conflict may occur, but commitment and unity are strong.

3.4 Performing stage/Working as a team towards a goal

- Team members are aware of strategies and aims of the team.
- They have direction without interference from the leader.
- Processes and structures are set.
- Leaders delegate and oversee the processes and procedures.
- All members are now competent, autonomous and able to handle the decision-making process without supervision.
- Differences among members are appreciated and used to enhance the team's performance.

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3.5 Adjourning/Mourning stage

- The focus is on the completion of the task/ending the project.
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again.
- All tasks need to be completed before the team finally dissolves.

NOTE: You must be able to identify the above mentioned stages of team development from given scenarios/statement.

4 Importance of team dynamic theories in improving team performance

- Team dynamic theories explain how effective teams work/operate.
- Businesses are able to allocate tasks according to the roles of team members.
- Team members can maximise performance as tasks are allocated according to their abilities/skills/attributes/personalities.
- Team members with similar strengths may compete for team tasks/responsibilities that best suit their abilities/competencies.
- Theories assist team leaders to understand the personality types of team members so that tasks are assigned more effectively.
- Conflict may be minimised when team members perform different roles.

5 CONFLICT RESOLUTION

5.1 Causes of conflict in the workplace

- Differences in backgrounds/cultures/values/beliefs/language
- Limited business resources
- Different goals/objectives for group/individuals
- Personality differences between group/individuals
- Different opinions
- Unfair workload
- Ill-managed stress
- Unrealistic expectations
- Poor organisation/leadership/administrative procedures and systems
- Confusion about scheduling/deadlines
- Ignoring rules/procedures
- Misconduct/Unacceptable behaviour
- High/Intense competition/Competitiveness
- Poor communication
- Unclear responsibilitie
- Distracted by personal objectives
- Constant changes in the workplace
- Unfair treatment of workers/Favouritism by management/Discrimination
- Lack of trust amongst workers

NOTE: You must be able to identify causes of conflict from given scenarios/statement

5.2 Explanation of causes of conflict in the workplace

- Lack of proper communication√ between management and workers.
- Ignoring rules/procedures may result in disagreements and conflict.
- Management and/or workers may have different personalities/ backgrounds.
- Different values/levels of knowledge/skills/experience of managers/workers.
- Little/no co-operation between internal and/or external parties/stakeholders.
- Lack of recognition for good work, e.g. a manager may not show appreciation for extra hours worked to meet deadlines.
- Lack of employee development may increase frustration levels as workers may repeat errors due to a lack of knowledge/skills.
- Unfair disciplinary procedures, e.g. favouritism/nepotism.

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- Little/no support from management with regards to supplying the necessary resources and providing guidelines.
- Leadership styles used, e.g. autocratic managers may not consider worker inputs.
- Unrealistic deadlines/Heavy workloads lead to stress resulting in conflict.
- Lack of agreement on mutual matters, e.g. remuneration/working hours.
- Unhealthy competition/Inter-team rivalry may cause workers to lose focus on team targets.
- Lack of commitment/Distracted by personal objectives which may lead to an inability to meet pre-set targets.
- Constant changes may cause instability
- Lack of clarity regarding employees' roles and responsibilities.

5.3 Handling conflict in the workplace/Conflict resolution steps/techniques

- Acknowledge that there is conflict in the workplace.
- Identify the cause of the conflict.
- Arrange pre-negotiations where workers/complainants will be allowed to state their case/views separately.
- Arrange time and place for negotiations where all employees involved are present.
- Arrange a meeting between conflicting employers/employees.
- Make intentions for intervention clear so that parties involved may feel at ease.
- Each party has the opportunity to express his/her own opinions/feelings
- Conflicting parties may recognise that their views are different during the meeting.
- Analyse/Evaluate the cause (s) of conflict by breaking it down into different parts.
- Blame shifting should be avoided and a joint effort should be made.
- Direct conflicting parties towards finding/focusing on solutions.
- Devise/Brainstorm possible ways of resolving the conflict.
- Conflicting parties agree on criteria to evaluate the alternatives.
- Select and implement the best solution.
- Provide opportunities for parties to agree on the best solution.
- Evaluate/Follow up on the implementation of the solution(s).
- Monitor progress to ensure that the conflict has been resolved.
- Source experts on handling conflict from outside the business.

6 DEALING WITH GRIEVANCES AND DIFFICULT PEOPLE/PERSONALITIES

6.1 Differences between grievance and conflict

GRIEVANCE	CONFLICT
When an employee is unhappy/ has a problem/complaint in the workplace.	Clash of opinions/ideas/view points in the workplace.
It is when an individual/group has a work related issue.	Disagreement between two or more parties in the workplace.
Examples that can cause a grievance: Discrimination, unfair treatment, poor working conditions.	Examples that can cause conflict: A lack of trust/miscommunication/ personality clashes/different values.

6.2 Correct procedures to deal with grievances

- An aggrieved employee must verbally report the incident/grievance to his/her supervisor/manager, who needs to resolve the issue within 3 to 5 working days.
- Should the employee and supervisor not be able to resolve the grievance, the employee may take it to the next level of management.
- The employee may move to a more formal process where the grievance must be lodged in writing/completes a grievance form.
- The employee must receive a written reply in response to the written grievance.
- A grievance hearing/meeting must be held with all relevant parties present.
- Minutes of the meeting must be recorded and any resolution passed must be recorded on the formal grievance form.
- Should the employee not be satisfied, then he/she could refer the matter to the highest level of management.

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- Top management should arrange a meeting with all relevant parties concerned.
- Minutes of this meeting should be filed/recorded and the outcome/decision must be recorded on the formal grievance form.
- Should the employee still not be satisfied, he/she may refer the matter to the CCMA who will make a final decision on the matter.
- The matter can be referred to Labour Court on appeal if the employee is not satisfied with the decision taken by the CCMA.

6.3 Types of difficult personalities

- Complainer
- Indecisive
- Over-agree
- Negativity
- Expert
- Quiet

6.4 Ways in which businesses can deal with difficult personalities

TYPE OF PERSONALITY	STRATEGY TO DEAL WITH A PERSONALITY
Complainer	• Listen to the complaints but do not acknowledge them • Interrupt the situation and move to the problem-solving process
Indecisiveness	• Guide them through alternatives. • Stay in control and emphasise the importance of making a decision. • Help them make the decision or solve the problem
Over-agree	• Be firm and do not let them make promises that they cannot keep. • Follow up on their actions
Negativity	• Be firm with them and do not let them draw the supervisor into their negativity. • Listen to them but do not agree with them
Expert	• Be firm and assertive. • Do not accuse them of being incorrect/Do not get caught in their game. • Know your facts.
Quiet	• Do not fill their silence with words • Wait for their response • Prompt them through the process so that they can give input • Restrict the time of the discussion
Aggressive	• Allow them time to speak and blow off • Be firm, but do not attack them • Do not allow them to be hostile toward others

NOTE: You must be able to identify difficult personalities from given scenarios/ statements and suggest strategies to deal with EACH type of difficulty personalities.

6.5 Ways in which businesses can deal with difficult employees in the workplace

- Get perspective from others who have experienced the same kind of situation to be able to understand difficult employees.
- Act pro-actively if possible, as a staff/personnel problem is part of a manager's responsibilities.
- Regular meetings with supervisors/departmental heads should help to identify difficult/problem behaviour.
- Ask someone in authority for their input into the situation.
- Identify the type of personality which is creating the problem.
- Meet privately with difficult employees, so that there are no distractions from other employees/issues.

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- Make intentions and reasons for action known, so that difficult person/people feel at ease.
- Employees should be told what specific behaviours are acceptable by giving details about what is wrong/ unacceptable and also an opportunity to explain their behaviour.
- A deadline should be set for improving bad/difficult behaviour.
- The deadline date should be discussed with the difficult employee and his/her progress should be monitored/ assessed prior to the deadline.
- Guidelines for improvement should be given.
- Do not judge the person, but try to understand him/her/Understand his/her intentions and why he/she reacts in a certain way.
- Keep communication channels open/Encourage employees to communicate their grievances to management.
- Build rapport/sound relations by re-establishing personal connection with colleagues, instead of relying on e-mails/messaging/social media.
- Help difficult employees to be realistic about the task at hand.
- Remain calm and in control of the situation to get the person(s) to collaborate.
- Treat people with respect, irrespective of whether they are capable/ competent or not.
- Sometimes it may be necessary to ignore and only monitor a difficult person.
- Identify and provide an appropriate support program to address areas of weakness.

BUSINESS SECTORS AND THEIR ENVIRONMENTS

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Name THREE types of business sectors: primary, secondary and tertiary.
- Identify/Name a business sector from given scenarios/statements.
- Identify business challenges from given scenarios/case studies and classify them according to the THREE business environments.
- State/Explain the extent to which a business (operating in any of the three sectors) can control the three business environments from given scenarios and case studies.

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TERMS AND DEFINITIONS

TERM	DEFINITION
Business Sector	A business sector is a sub division/subset of the economic activities, e.g.
Primary sector	This sector deals with extraction of raw materials and natural resources.
Secondary sector	This sector processes raw materials into finished goods.
Tertiary sector	This sector renders services to other businesses/provides auxiliary services
Business Environments	All the internal and external factors that affect the functioning of a
Micro environment	This environment is the business itself, it consists of all the elements
Market environment	This environment exists immediately outside the business.
Macro environment	This environment exists outside the micro and the market environments.
Extent of control	The amount of influence that a business has on the business

Introduction

Learners are supposed to select a business from each sector and describe the three environments related to these sectors and the extent to which a business can control these environments.

They are supposed to describe the three business environments related to the three business economic sectors and give an explanation of the extent to which a business can control these environments.

Business sectors

Business sectors are sub divisions/subsets of economic activities, e.g. primary, secondary and tertiary.

1 Types of business sectors

1.1 Primary sector

- This sector deals with extraction of raw materials and natural resources.
- Natural resources which are not man made like coal, gold, fish and livestock are extracted from this sector.
- Examples the primary sector industries; mining, mining, fishing, agriculture, forestry and farming

1.2 Secondary sector

- This business sector is responsible for changing the raw materials acquired from the primary sector into useful products.
- It includes the manufacturing factories, construction and energy generation
- Examples of the secondary sector industries; manufacturing, clothing, food processing, building and construction are found in this sector.

1.3 Tertiary sector

- This sector renders services to the public and businesses.
- It includes services from transport, banking, legal and health.
- Examples of the tertiary sector industries; distribution, banking, insurance, tourism, transportation, entertainment, retail and legal services.
  NOTE: You must be able to name the above mentioned business sector from given scenarios/statements

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2 Possible business challenges, their environments and extent of control

Possible challenges	Business environment	Extent of control
• Difficult employees/ High rate of absenteeism • Lack of vision and mission • Lack of adequate management skills • Unions, strikes and go-slows	Micro environment	Full control
• Competition • Shortages of supply • Demographics and psychographics • Socio-cultural factors	Market environment	Partial/Some/Limited/Less control
• Change in income levels • Contemporary legislation • Labour restrictions • Political changes • Interest rates • Socio-economic issues • HIV and AIDS • Globalisation and International challenges	Macro environment	No control

NOTE: You will only be able to do the following:

- **Quote business challenges from the scenario**
- **Classify these challenges according to the business environments**
- **The challenge must be linked to the business environments**
- **State the extent of control businesses have over each business environment.**
- **The extent of control must be linked to the business environment**

Examples of how the business sectors and their business environments can be assessed

Example 1: Business in the primary sector

Read the scenario below and answer the questions that follow:

DUKA MINES (DM)

Duka Mines specialises in the extraction of platinum. Their suppliers of mining equipment have increased their prices by more than 20%. The supervisor does not have a good working relationship with his employees. DM can no longer export their products due to an increase in the exchange rate.

You need to identify the business sector in which Duka Mines operates and motivate your answer by quoting from the scenario.

Duka Mines is operating in the primary sector becauses the business specialises in the extraction of mines.

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You need to quote challenges from the above scenario, classify EACH challenge according to business environment and state the extent of control DM has over EACH business environment

CHALLENGES	BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
1 Their suppliers of mining equipment have increased their prices by more than 20%.	Market environment	Partial/Some/Limited/Less control
2 The supervisor does not have a good working relationship with his employees.	Micro environment	Full control
3 DM can no longer export their products due to an increase in the exchange rate.	Macro environment	No control

Example 2: Business in the secondary sector

Read the scenario below and answer the questions that follow:

SUPER ENERGY ENTERPRISE (SEE)

Super Energy Enterprise produces maize meal and instant soft porridge. They buy their raw material from Early Bird Maize Farm which is out of stock sometimes. SEE employees are regularly absent from work. The local government has instructed the management of SEE to register their products with the South African Bureau for Standards.

Name the business sector in which Super Energy Enterprise is operating

SECONDARY SECTOR

Identify THREE challenges for SEE's business and classify EACH challenge according to the business environment.

CHALLENGE	BUSINESS ENVIRONMENT
(a) SEE employees are regularly absent from work	Micro environment
(b) They buy their raw material from Early Bird Maize Farm which is out of stock sometimes.	Market environment
(c) The local government has instructed the management of SEE to register their products with the South African Bureau of Standards.	Macro environment

Example 3: Business in the tertiary sector

Read the scenario below and answer the questions that follow:

TIMOTHY LEGAL SERVICES (TLS)

Timothy Legal Services (TLS) is situated at the Pretoria CBD. TLS's assistant lawyers are not trained to handle criminal cases. Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS. TLS can no longer pay their bank loan due to an increase in interest rates.

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Name the business sector in which TLS is operating. Motivate your answer by quoting from the scenario above.
Business sector: Tertiary sector
Motivation: Timothy Legal Services (TLS) is situated at the Pretoria CBD

Identify THREE challenges for TLS business and classify EACH challenge according to the business environment. State the extent of control TLS has over EACH business environment

CHALLENGE	BUSINESS ENVIRONMENT	EXTENT OF CONTROL
TLS's assistant lawyers are not trained to handle criminal cases.	Micro environment	Full control
Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS.	Market environment	Partial/Some/Limited/Less control
TLS can no longer service their bank loan due to an increase in interest rates.	Macro environment	No control

NOTE: You may sometimes asked to name three business environments and explain the extent of control businesses have over EACH business environment e.g.

BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
Micro environment	Full control
Market environment	Partial/Some/Limited/Less control
Macro environment	No control

MANAGEMENT AND LEADERSHIP

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

MANAGEMENT AND LEADERSHIP

- Define/Elaborate on the meaning of management and leadership
- Differentiate/Distinguish between management and leadership.

LEADERSHIP STYLES

- Outline the differences/Differentiate/Distinguish between the following leadership styles:
  - Democratic
  - Autocratic
  - Liassez-Faire/Free Reign
  - Charismatic
  - Transactional
- Identify the leadership styles from given scenarios/case studies and motivate answers.
- Discuss/Evaluate/Analyse the impact (including positives/advantages and/or negatives/ disadvantages) of each leadership style.
- Suggest/Recommend situations in which each leadership style can be applied in the workplace.

LEADERSHIP THEORIES

- Discuss/Explain the following theories of management and leadership:
  - Leaders and followers
  - Situational leadership
  - Transformational leadership
  - Transitional leadership
- Identify the above-mentioned leadership theories from given scenarios/statements.
- Explain/Discuss the role of personal attitude in successful leadership.
- Identify the role of personal attitude in successful leadership from given scenarios/case studies.

TERMS AND DEFINITIONS

TERM	DEFINITION
Leadership	The ability of an individual or a group of individuals to influence and
Management	Planning, organising, leading and controlling employees to achieve
Democratic leadership style	The leader invites the team members/group to contribute ideas and participate in the decision-making process.
Autocratic leadership style	The leader takes decisions on his/her own without consulting staff.
Laissez fair/Free reign	The leader delegates tasks to followers with little or no direction
Charismatic leadership style	The leader uses charm to influence followers.
Transactional leadership style	The leader focuses on motivating followers through a system of reward and punishment.
Bureaucratic leadership style	Leaders/managers make sure employees follow rules and policies.
Leaders and followers theory	Focus on relationship between leader and follower.
Situational leadership theory	Focus on the application of different leadership styles depending on the situation and the maturity level of employees.
Transformational leadership theory	The leader identifies the change needed/creates a vision to guide the change through inspiration.
Personal attitude	The manner in which the leader relates to his/her employees determines the success or failure of a business.

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MANAGEMENT AND LEADERSHIP

1 Meaning of management and leadership

1.1 Meaning of management

- The coordination of Planning, organising, leading and controlling employees to achieve goals.
- A person becomes a manager because of the position in which he/she is appointed
- Managers have power because of the position of authority into which they are appointed.

1.2 Meaning of leadership

- The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- Leadership is an of inspiring subordinates to perform in order to achieve goals
- It cannot be taught, although it may be learned as it is an inborn trait
- Involves establishing a clear vision and sharing it with others so that they can willingly follow
- A leaders steps up in times of crisis and is able to think and act creatively in difficult situations

1.3 Differences between leadership and management

LEADERSHIP	MANAGEMENT
Influences human behaviour.	Guides human behaviour.
Communicates by means of interaction/behaviour/vision/values/ charisma.	Communicates through management functions, e.g. line function.
Innovates/Encourages new ideas to increase productivity.	Administers plans/programs/tasks to reach targets.
Inspires staff to trust and support each another.	Controls systems and procedures to get the job done.
Focuses on what and why.	Focuses on how and when.
Focuses on the horizon/long term.	Focuses on the bottom line/short/ medium/long term.
Leaders are born with natural/ instinctive leadership skills.	A person becomes a manager because of the position in which he/she is appointed.
Guides/Leads people to become active participants.	Manages the process of getting things done by exercising responsibility.
Leaders have power/influence because of his/her knowledge/skills/ intelligence.	Managers have power because of the position of authority into which they are appointed.
Always trying to find more efficient ways of completing tasks.	Enforce rules on subordinates/Ensure that tasks are completed.
Motivational/Inspirational in their approach	Instructional in their approach.
People orientated.	Task orientated.
Lead by example/trust/respect.	Manage by planning/organising/ leading/control.
Does things right	Does the right things

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2 Leadership styles

- Democratic
- Autocratic
- Liassez-Faire/Free Reign
- Charismatic
- Transactional

NOTE: The explanation of EACH leadership style is embedded in the advantages of each style below.

3 Situations in which each leadership style can be applied in the workplace and the impact of each leadership style on businesses

3.1 Democratic leadership style

This leadership style can be applied when:

- Group members are skilled and eager to share their ideas.
- The leader does not have all the information needed to make a decision and employees have valuable information to contribute.
- Cooperation is needed between a leader and a team.
- Decisions need to be looked at from several perspectives

Impact of the democratic leadership style on businesses

Positives/Advantages

- The leader allows the employees to participate in the decision making process, so they feel empowered/positive.
- Staff gives a variety of ideas/inputs/feedback/viewpoints that can lead to innovation/improved production methods/increased sales.
- Clear/Two way communication ensures group commitment to final decision(s).
- Authority is delegated which can motivate/inspire workers to be more productive.
- Complex decisions can be made with inputs from specialists/skilled workers.

AND/OR

Negatives/Disadvantages

- Incorrect decisions may be made if staff is inexperienced/not fully informed.
- Decision making may be time consuming because stakeholders have to be consulted.
- Employees may feel discouraged if their opinions/inputs are not considered.
- Leaders can rely too much on the input of the followers and fail to make a final decision.
- Not effective in times of crisis/when quick decisions need to be made.
- Some employees only pretend to participate in decision making and their feedback may not always be accurate.

3.2 Autocratic leadership style

This leadership style can be applied when:

- In crisis situations, e.g. in the case of unforeseen challenges/accidents.
- When all the information is available to solve the problem.
- In a crisis/urgent situation, e.g. after an accident/meeting tight deadlines
- When employees are motivated and the leader has already earned the trust of the followers.
- When dealing with employees who are not cooperative.
- When employees are new/not fully trained.

Impact of the autocratic leadership style on businesses

Positives/Advantages

- Quick decisions can be taken without consulting/considering followers/ employees.
- Work gets done in time/on schedule.
- Line of command/communication is clear as it is top-down/followers know exactly what to do.
- Direct supervision and strict control ensure high quality products/service.

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- Provides strong leadership which makes new employees feel confident and safe.
- Works well in large companies where consultation with every employee is impractical.
- Clear guidance can be given to low-skilled/inexperienced/new staff.

AND/OR

Negatives/Disadvantages

- Leaders and followers may become divided and may not agree on ways to solve problems.
- Workers can become demotivated if their opinions/ideas are not considered.
- De-motivated workers impact negatively on productivity.
- New/Creative/Cost reducing ideas may not be used/implemented/never be considered.
- Followers may feel that they are not valued resulting in high absenteeism/high employee turnover.
- Experienced/Highly skilled workers will resist an autocratic leadership style because it results in slow growth/low participation/less creativity.

Differences between the democratic and autocratic leadership styles

DEMOCRATIC	AUTOCRATIC
• The leader involves employees in the decision making process.	• A leader takes all decisions alone without involving employees.
• Clear/Two way communication ensures group commitment to final decision(s).	• Line of command/communication is clear as it is top-down/followers know exactly what to do.
• People-oriented, as employee's feelings and opinions are considered.	• Task-orientated as the opinions of employees are not considered.
• Workers feel empowered as they are involved in the decision-making process.	• New employees feel confident/safe as strong leadership is provided.
• Useful when the leader depends on the inputs of experienced followers.	• Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.
• Handles conflict situations by involving followers in finding the best solution.	• Handles conflict situations by telling followers what they should do.

3.3 Laissez-faire/ Free reign

This leadership style can be used when:

- Subordinates are experts and know what they want/can take responsibility for their actions.
- The leader is very busy and delegation of tasks will increase productivity.
- Team members need to improve/develop leadership skills.
- Suitable when employees are highly experienced and know more about the task than the leader.

Impact of the Laissez-Faire leadership style on businesses

Positives/ Advantages

- Workers/Followers are allowed to make decisions on their own work/ methods.
- Subordinates have maximum freedom and can work independently.
- Leader motivates workers by trusting them to do things themselves/on their own.
- Authority is delegated, which can be motivating/empowering to competent workers/increase productivity.
- Subordinates are experts and know what they want/can take responsibility for their actions.
- Suitable for coaching/mentoring to motivate employees to achieve more/better things.
- It can be empowering for competent followers as they are completely trusted to do their job.
- Individual team members may improve/develop leadership skills.

AND/OR

Negatives/ Disadvantages

- Lack of clear direction/leadership may be demotivating to employees.
- Employees can be held responsible for their own work which may lead to underperformance.

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- Could lead to conflict when some team members act as leaders and dictate to other team members.
- Workers are expected to solve their own conflict situations.
- Productivity may be compromised with a lack of tight control over workers not meeting deadlines.
- Productivity might be low, if employees lack the necessary knowledge or skills.

3.4 Charismatic leadership style

This leadership style can be used to:

- Sell vision and achieve excellent results.
- Motivate employees as the leader is energetic/ inspiring.
- Inspire loyalty/hard work among employees.

Impact of charismatic leadership styles on businesses

Positives/Advantages

- Expert at selling vision and achieve excellent results.
- Employees are motivated as the leader is energetic/ inspiring.
- Inspires loyalty/hard work among employees.

AND/OR

Negatives/Disadvantages

- Leader believes more in him/her than the team.
- Projects can collapse if the leader leaves the team.
- Leaders are intolerant of challenges and regard themselves as irreplaceable.

3.5 Transactional leadership style

This leadership style can be applied when:

- When the business wants to maximise employee performance.
- When deadlines have to be met on short notice/under pressure.
- When workers have a low morale.
- When the strategies/business structures do not have to change.
- When productivity levels are very low/not according to targets.

Impact of the transactional leadership style on businesses

Positives/Advantages

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- The goals and objectives of the business can be achieved as workers are motivated.
- Employees know what are expected of them.
- Disciplinary action procedures are well communicated.

AND/OR

Negatives/Disadvantages

- Employees may become bored/lose creativity as they have to follow rules/ procedures.
- A transactional leader will have to monitor the work performance of employees to ensure that expectations are met.
- Managing/controlling employees may be time-consuming.
- Some employees may be demoralised/ unmotivated if they fail to reach/meet targets despite having worked very hard.
- Not suitable for team work as all team members can be punished for poor performance caused by one team member.

NOTE: You must be able to identify the above mentioned leadership styles from given scenarios/case studies

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4 Leadership theories

- Situational leadership
- Transformational leadership
- Leaders and followers
- Transitional leadership

4.1 Situational leadership theory

- Different leadership characteristics are needed for different situations.
- The task/situation dictates the leadership style that should be applied, so leaders are adaptable/flexible/self-assured.
- Effective application of this theory may enable leaders to accomplish their goals.
- Relationships between leaders and employees are based on mutual trust/ respect/loyalty/integrity/honesty.
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions to complete tasks successfully.
- Leaders analyse group members/objectives/time constraints, to adopt a suitable/relevant leadership style.
- May lead to conflict when leaders use different leadership styles/when managing employees in different situations.
- The success of this theory depends on the kind of relationship that exists between the leader and followers/subordinates/employees.

4.2 Transformational theory

- Suitable for a dynamic environment, where change could be drastic.
- The passion/vision/personality of leaders inspire followers√ to change their expectations/perceptions/motivation to work towards a common goal.
- Strategic thinking leaders develop a long term vision for the organisation and sell it to subordinates/employees.
- Leaders have the trust/respect/admiration of their followers/subordinates.
- Promotes intellectual stimulation/creative thinking/problem solving which result in the growth/development/success of the business.
- Followers are coached/led/mentored/emotionally supported through transformation/change so that they can share their ideas freely.
- Encourages followers to explore/try new things/opportunities.
- Leaders lead by example and make workers interested in their work.
- Leaders have strong, charismatic personalities√ and are very good at motivating staff to achieve results.
- Enable employees to take greater ownership for their work and to know their strengths and weaknesses.

NOTE: The transitional theory has been left on purpose as it is covered by the transformational theory, as both speak to change.

4.3 Leaders and followers

- Teams achieve great results when there is a sense of understanding between the leader and the team of followers.
- Followers listen to what is expected of them and are willing to work as a team.
- Followers easily accept responsibility when something doesn't work out.
- Leaders lead by example and reward positive behaviour.
- Leaders motivate employees to devise alternative strategies to find more efficient ways to use available resources.
- Followers might just trail along depending on leaders and other followers to pull them through the task.

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5 The role of personal attitude in successful leadership

- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Leaders must know their strengths and weaknesses to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employees'/teams' thoughts/behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Successful leaders consider the abilities/skills of team members to allocate tasks/roles effectively.
- Enthusiasm produces confidence in a leader.
- A positive attitude is critical for good leadership because good leaders will stay with the task regardless of difficulties/challenges.
- Successful employees and leaders have a constant desire to work and achieve personal/professional success.
- Leaders with a positive attitude know that there is always more to learn/space to grow.

NOTE: You must be able to identify the role of personal attitude in successful leadership from given scenarios/case studies.

QUALITY OF PERFORMANCE

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Learners must be able to:

QUALITY

- Define the following concepts:
  - Quality
  - Quality control
  - Quality assurance
  - Quality management
  - Quality performance
  - Quality management systems
- Explain/Differentiate/Distinguish between quality control and quality assurance.
- Explain/Differentiate/Distinguish between quality management and quality performance.
- Explain/Discuss the advantages/benefits of a good quality management system.
- Explain/Discuss how quality of performance can contribute to the success and/or failure of each business function.
- Outline the quality indicators for each business function.

TOTAL QUALITY MANAGEMENT (TQM)

- Elaborate on the meaning of TQM.
- Identify the following TQM elements from given scenarios/statements:
  - Continuous skills development/ Education and training
  - Total client/customer satisfaction
  - Continuous improvement to processes and system
  - Adequate financing and capacity
  - Monitoring and evaluation of quality processes
- Explain/Discuss/Analyse/Evaluate the impact of the above mentioned TQM elements on large businesses.
- Explain how businesses can apply the PDCA model/steps to improve the quality of products.
- Explain the role/importance of quality circles as part of continuous improvement to processes and systems.
- Explain/Discuss the impact of TQM if poorly implemented by businesses.
- Explain/Recommend/Suggest ways in which TQM can reduce the cost of quality.

TERMS AND DEFINITIONS

TERMS	DEFINITIONS
Quality	Products and services that satisfy needs and exceeds customer
Total Quality management	It is a management approach/system that focuses on continuous quality improvement throughout the business.
Management	Planning and management of quality through strong leadership and
Business functions	The various aspects of the business that perform different roles e.g.
SABS	South African Bureau of Standards, body that sets quality standards and
ISO 9001	Provides the guidelines for quality management. A company may not export any products unless it registers as an ISO 9001 company.
Standards	The specification of what is acceptable in terms of technical requirements.
Total client satisfaction	It is a measure of how products and services supplied by a company
Continuous skills	Developing employees' skills that will add value for the organisation and
Continuous improvement to	It is an on-going effort to improve products, services, or processes
Monitoring and evaluation	A process that helps to improve performance and achieve results. Its goal is to improve current and future management of outputs,
Quality circles	A group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems.

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Inspections	A method in which only a selection of products from a batch is measured and tested against required standards.
Deviations	When the product differs from the standard.
Tolerance limit	The extent in which a product is allowed to differ from the standard without affecting quality

QUALITY

1 Definition of quality concepts

1.1 Quality

- Quality refers to a good/service's ability to satisfy a specific need.
- The efficiency of services and the ability to provide an effective outcome without too many delays.
- It is measured against specific criteria such as physical appearance /reliability/durability/sustainability/after-sales services.

1.2 Quality control

- A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards.
- Checking raw materials/employees/machinery/workmanship/production to ensure that high quality standards are maintained.
- Includes setting targets/measuring performance and taking corrective measures.

1.3 Quality assurance

- Checks carried out during and after the production process.
- Ensures that required standards have been met at every stage of the process.
- Processes put in place to ensure that the quality of products/services/ systems adhere to pre-set standards with minimal defects/delays/short- comings.
- Ensuring that every process is aimed to get the product 'right the first time' and prevent mistakes from happening.

1.4 Quality management

- Refer to techniques/tools used to design/ improve the quality of a product.
- Can be used for accountability within each of the business functions
- Aims to ensure that the quality of goods/services is consistent/Focuses on the means to achieve consistency

1.5 Quality performance

- Total performance of each department measured against the specified standards.
- Can be obtained if all departments work together√ towards the same quality standards.
- Quality is measured√ through physical product/statistical output of processes/surveys of the users and/or buyers of goods/services.

  NOTE: You must be able to identify the above mentioned quality concepts from given scenarios/statements.

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2 Differences between quality control and quality assurance

QUALITY CONTROL	QUALITY ASSURANCE
• Inspection of the final product to ensure that it meets the required standards.	• Carried out during and after the production process to ensure that required standards have been met at every stage of the process.
• Includes setting targets/measuring performance and taking corrective measures.	• Ensures that every process is aimed at getting the product right the first time and prevents mistakes from happening again.
• Checking raw materials/employees/ Machinery/ workmanship/products to ensure that high standards are maintained.	• The 'building in' of quality as opposed to 'checking for' quality

3 Differences between quality management and quality performance

QUALITY MANAGEMENT	QUALITY PERFORMANCE
• Techniques/tools used to design/ improve the quality of a product	• Total performance of each department measured against the specified standards
• Can be used for accountability within each of the business functions	• Can be obtained if all departments work together towards the same quality standards
• Aims to ensure that the quality of goods/ services consistent/ focuses on the means to achieve consistency	• Quality is measured through physical product/ statistical output of processes/ surveys of the users and/ or buyers of goods/ services

4 Benefits/Advantages of a good quality management system

- Effective customer services are rendered, resulting in increased customer satisfaction.
- Time and resources are used efficiently.
- Productivity increases through proper time management/using high quality resources.
- Products/Services are constantly improved resulting in increased levels of customer satisfaction.
- Vision/Mission/Business goals may be achieved.
- Business has a competitive advantage over its competitors.
- Regular training will continuously improve the quality of employees' skills/ knowledge.
- Employers and employees will have a healthy working relationship resulting in happy/productive workers.
- Increased market share/more customers improve profitability.
- Improves business image as there are less defects/returns.

5 Contribution of business functions to the success of a business/Quality indicators

5.1 Contribution of the general management function to the success of a business/quality indicators

- Develop/Implement/Monitor effective strategic plans.
- Efficient organisation/allocation of business resources to provide for the successful achievement of long-term and short-term plans.
- Structured standards and norms should be in place so that control mechanisms can be implemented.
- Learn about/understand changes in the business environment on an on-going basis.
- Effectively communicate shared vision, mission and values.
- Set direction and establish priorities for their business.
- Be prepared to set an example of the behaviour that is expected from employees in terms of ethics as well as productivity.
- Be proactive and always seeks to improve competitive advantage over competitors.
- Ensure that all departments/the business meet their deadlines/targets.

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5.2 Contribution of the production function to the success of a business/quality indicators

- Provide high quality services/products according to specifications.
- The production/operating processes of a business should be done correctly through proper production planning and control.
- Products and services should be produced at the lowest possible cost to allow for profit maximisation.
- Businesses should clearly communicate the roles and responsibilities to the production workforce.
- Products must meet customers' requirements by being safe, reliable and durable.√√
- Businesses should have good after-sales services and warrantees.
- Empower workers so that they can take pride in their workmanship.
- Get accreditation from the SABS/ISO 9001 to ensure that quality products are being produced.
- Specify the product or service standards and take note of the factors that consumers use to judge quality.
- Monitor processes and find the root causes of production problems.
- Implement quality control systems to ensure that quality building products are consistently being produced.
- Utilise machines and equipment optimally.
- Accurately calculate the production costs.
- Select the appropriate production system e.g. mass/batch/jobbing.

5.3 Contribution of the purchasing function to the success of a business/quality indicators

- Buy raw materials in bulk at lower prices.
- Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices.
- Place orders timeously and regular follow-ups to ensure that goods are delivered on time.
- Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process.
- Required quantities should be delivered at the right time and place.
- Implement and maintain stock control systems to ensure the security of stock.
- Maintain optimum stock levels to avoid overstocking/reduce out-dated stock.
- Monitor and report on minimum stock levels to avoid stock-outs.
- Effective use of storage space and maintain product quality while in storage.
- Involve suppliers in strategic planning/product design/material selection/quality control process.
- Ensure that there is no break in production due to stock shortages.
- Establish relationships with suppliers so that they are in alignment with the business's vision/mission/values.
- Have a thorough understanding of supply chain management.

5.4 Contribution of the marketing function to the success of a business/quality indicators

- Increasing their market share.
- Winning customers by satisfying their needs/wants/Building positive relation-ships.
- Adhering to ethical advertising practices when promoting products/services.
- Identifying a competitive advantage to focus/improve on marketing strengths.
- Differentiating products in order to attract more customers.
- Constantly reviewing value issues.
- Communicating effectively with customers to get feedback about their experience of products sold/services rendered.
- Co-ordinating distribution with production and advertising strategies.
- Using pricing techniques to ensure a competitive advantage.

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- Determine gaps between customer expectations and actual experiences, so that problems/unhappiness may be diagnosed and addressed.
- Making adjustments and changes to products/services based on feedback from customers/results of market research.
- Using aggressive advertising campaigns to sustain/increase the market share.

5.5 Contribution of the financial function to the success of a business/quality indicators

- Obtain capital from the most suitable/available/reliable sources.
- Negotiate better interest rates in order to keep financial cost down.
- Draw up budgets to ensure sufficient application of monetary resources.
- Keep financial records up to date to ensure timely/accurate tax payments.
- Analyse strategies to increase profitability.
- Invest surplus funds to create sources of passive income.
- Implement financial control measures/systems to prevent fraud.
- Implement credit granting/debt collecting policies to monitor cash flow.
- Draw up accurate financial statements timeously/regularly.
- Accurately analyse and interpret financial information.
- Invest in strategies that will assist the business to remain profitable.
- Avoid over/under-capitalisation so that financial resources will be utilised effectively.

5.6 Contribution of the public function to the success of a business/quality indicators

- Dealing quickly with negative publicity/less/little/no incidents of negative publicity.
- Providing regular/positive press releases.
- Implement sustainable Corporate Social Investment (CSI) programmes.
- Good results of/Positive feedback from public surveys on business image.
- High standard of internal publicity/appearance of buildings/professional telephone etiquette, etc.
- Deliver quality goods/services that promote the brand/image with key stakeholders/ customers/suppliers/government/service providers.
- Compliance with recent legislation, e.g. BEE compliant.

5.7 Contribution of the administration function to the success of a business/quality indicators

- Fast and reliable data capturing and processing systems.
- Make reliable information available to management on time.
- Make relevant information available for quick decision-making.
- Handle complaints quickly and effectively.
- Use modern technology efficiently
- Implement effective risk management policies to minimise business losses.
- Quality assurance/Control/Evaluation is recorded accurately
- All documentation is kept neatly and orderly in a safe place.
- Easy to recall/find information/documentation.
- Financial documents are kept up to date and recorded accurately.
- All systems and processes are documented.

5.8 Contribution of the human resources function to the success of a business/quality indicators

- Makes sure there is a good recruitment policy that attracts best candidates.
- Ensures fair and equitable selection process
- Fair remuneration packages that is aligned to the industry.
- Offer performance incentives for staff to enhance productivity.
- Good relationship with employees.
- Low rate of staff turnover in the business

NOTE: You will either be asked to explain/discuss how quality of performance can contribute to success or failure of each business functions or explain/suggest the quality indicators of business functions.

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6 TOTAL QUALITY MANAGEMENT (TQM)

6.1 Meaning of total quality management (TQM)

- TQM is an integrated system/methodology applied throughout the organisation, which helps to design/produce/provide quality products/services to customers.
- It is a thought revolution in management, where the entire business is operated with customer orientation in all business activities.
- TQM enables businesses to continuously improve on the delivery of products/ services in order to satisfy the needs of customers.
- Management ensures that each employee is responsible for the quality of his/her work/actions.
- TQM focuses on achieving customer satisfaction and looks for continuous improvement in all the business's processes, products and services.
- TQM takes steps to ensure the full involvement and co-operation of all employees in improving quality.

6.2 TQM elements

- Continuous improvement to processes and system
- Continuous skills development/ Education and training
- Total client/customer satisfaction
- Adequate financing and capacity
- Monitoring and evaluation of quality processes

6.3 Impact of total quality management elements on large business

6.3.1 Impact of continuous improvement to processes and systems on large businesses

Positives/Advantages

- Large businesses have more resources to check on quality performance in each unit.
- Enough capital resources are available for new equipment required for processes and systems.
- Large businesses have a person dedicated to the improvement of processes and systems.
- Willing to take risk on/try new processes and systems because they are able to absorb the impact of losing money.
- They can afford to use the services of the quality circles to stay ahead of their competitors.

AND/OR

Negatives/ Disadvantages

- Large scale manufacturing can complicate quality control.
- Systems and processes take time and effort to implement in large businesses as communication/buy-in may delay the process.
- Risk of changing parts of the business that are actually working well.
- Not all negative feedback from employees and customers is going to be accurate, which may result in incorrect/unnecessary changes to systems and processes.

6.3.2 Impact of continuous skills development/Education and training on large businesses

Positives/Advantages

- Large businesses have a human resources department dedicated to skills training and development.
- Human resources experts ensure that training programmes are relevant to increased customer satisfaction.
- Ability to afford specialised/skilled employees.
- Large businesses could conduct skills audits to establish the competency/education levels of staff performing work which could affect the quality of products/processes positively.

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- May be able to hire qualified trainers to train employees on a regular basis.

AND/OR

Negatives/Disadvantages

- Poor communication systems in large businesses may prevent effective training from taking place.
- Trained employees may leave for better jobs after they gained more skills.
- De-motivates employees, if they do not receive recognition for training.
- Employees who specialise in narrowly defined jobs may become frustrated/ demotivated.
- Employees may not be aware of the level of competency they should meet in order to achieve their targets.
- It may be difficult to monitor/evaluate the effectiveness of training.

6.3.3 Impact of total client/customer satisfaction on large businesses

Positives/Advantages

- Large businesses uses market research/customer surveys to measure/ monitor customer satisfaction/analyse customers' needs.
- Continuously promote a positive company image.
- May achieve a state of total customer satisfaction, if businesses follow sound business practices that incorporate all stakeholders.
- Strive to understand and fulfil customer expectations by aligning cross-functional teams across critical processes.
- Ensures that cross-functional teams understand its core competencies√ and develop/strengthen it.
- May lead to higher customer retention/loyalty and businesses may be able to charge higher prices.
- Large businesses may be able to gain access to the global market.
- May lead to increased competitiveness/profitability.

AND/OR

Negatives/ Disadvantages

- Employees who seldom come into contact with customers often do not have a clear idea of what will satisfy their needs.
- Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers.
- Not all employees may be involved/ committed to total client satisfaction.

6.3.4 Impact of adequate financing and capacity on large businesses

Positives/ Advantages

- Large businesses have sufficient financing to test everything before implementing.
- They can afford to have systems in place to prevent errors in processes/defects in raw materials/products.
- Able to afford product research/market researchers to gather information.
- Can afford to purchase quality raw materials and equipment.

AND/OR

Negatives/ Disadvantages

- If the demand for company's product increases, orders begin coming in faster than expected, and the company lacks the capital required to fund the production of the stock to fill the orders.
- These rapidly growing companies can consume large amounts of capital as they try to balance normal operations and expansion.

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6.3.5 Impact of monitoring and evaluating quality processes on large businesses

Positives/ Advantages

- Prevents product defects and minimises wastage/customer complaints.
- Good quality checks/procedures minimises the replacement/breakdown of equipment/machinery on a regular basis.
- May be equipped to get things done right the first time.
- Improve performance and maintain high quality standards.
- Improve current and future management of quality outputs/outcomes/impact.
- Provide clear indication about quality aspects that are contributing to the achievement of goals/targets.
- Modify interventions that may improve the efficient use of resources.
- Support management to acquire information needed to make informed decision about processes.
- Cost of production is reduced as deviations from set standards can be corrected.
- Strategies are revised in order to improve the quality of the product and services/business image.
- Allows for quality control checks and procedures at key points.
- Key performance indicators are carefully selected to monitor and evaluate the outcome.
- Benchmarking is used to find best practices in order to determine the competitive position of the business.
- Quality circles meet on regular basis to evaluate the progress in terms of quality.
- Continuous research is conducted on latest developments to ensure that TQM planning is up to date.

AND/OR

Negatives/ Disadvantages

- Large businesses are often divided and the departments work in silos. It is difficult to get everyone to communicate.
- It often takes longer to detect problems or respond to weaknesses
- It is not viable to check quality of all the products

7 Application of the PDCA model/cycle in improving the quality of products

Plan

- The business should identify the problem.
- Develop a plan for improvement to processes and systems.
- Answer questions such as *'what to do'* and *'how to do it'*.
- Plan the method and approach.

Do

- The business should implement the change on a small scale.
- Implement the processes and systems

Check/Analyse

- Use data to analyse the results of change.
- Determine whether it made a difference.
- Check whether the processes are working effectively.
- The business should assess, plan and establish if it is working/if things are going according to plan

Act as needed

- Institutionalise the improvement.
- Devise strategies on how to continually improve.
- If the change was successful, implement it on a wider scale.
- Continuously revise the process.

NOTE: The PDCA model forms part of the TQM element continuous improvement to processes and systems

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8 Role/Importance of quality circles as part of continuous improvement to processes and systems

- Solve problems related to quality and implement improvements.
- Investigate problems and suggest solutions to management.
- Ensure that there is no duplication of activities/tasks in the workplace.
- Make suggestions for improving systems and processes in the workplace.
- Improve the quality of products/services/productivity through regular reviews of quality processes.
- Monitor/Reinforce strategies to improve the smooth running of business operations.
- Reduce costs of redundancy in the long run.
- Increase employees' morale/motivation.
- Quality circles discuss ways of improving the quality of work/workmanship.
- Contribute towards the improvement and development of the organisation.
- Reduce costs/wasteful efforts in the long run.
- Increase the demand for products/services of the business.
- Create harmony and high performance in the workplace.
- Build a healthy workplace relationship between the employer and employee.
- Improve employees' loyalty and commitment to the organisation and its goals.
- Improve employees' communication at all levels of the business.
- Develop a positive attitude/sense of involvement in decision making processes of the services offered.

9 Impact of TQM if poorly implemented by businesses

- Setting unrealistic deadlines that may not be achieved.
- Employees may not be adequately trained resulting in poor quality products.
- Decline in productivity, because of stoppages.
- Businesses may not be able to make necessary changes of products/services to satisfy the needs of customers.
- Business reputation/image may suffer because of poor quality/defective goods.
- Customers will have many alternatives to choose from and the impact could be devastating to businesses.
- Investors might withdraw investment, if there is a decline in profits.
- Decline in sales as more goods are returned by unhappy customers.
- High staff turnover, because of poor skills development.
- Undocumented/Uncontrolled quality control systems/processes could result in errors/ deviations from pre-set quality standards.

10 Ways in which TQM can reduce the cost of quality

- Introduce quality circles to discuss ways of improving the quality of work/ workmanship.
- Schedule activities to eliminate duplication of tasks.
- Share responsibility for quality output amongst management and workers.
- Train employees at all levels, so that everyone understands their role in quality management.
- Develop work systems that empower employees to find new ways of improving quality.
- Work closely with suppliers to improve the quality of raw materials/inputs.
- Improve communication about quality challenges/deviations, so that everyone can learn from experience.
- Reduce investment on expensive, but ineffective inspection procedures in the production process.
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns.

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TERM 3
TOPIC: CSI & CSR

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

SOCIAL RESPONSIBILITY

- Define social responsibility
- Explain the relationship/link between social responsibility and triple bottom line.
- Suggest ways in which a business project can contribute towards the community, e.g. charitable contributions to NGO's, involvement in community education, employment, employee volunteer programmes, etc.
- Identify socio-economic issues that challenge social responsibility, e.g. HIV/Aids, unemployment, poverty, human rights aspects etc.
- Recommend/Suggest ways in which businesses can deal with the above mentioned socio-economic issues.
- Explain how businesses can contribute time and effort in improving the well-being of the following stakeholders:
    - Employees
    - Community

COOPERATE SOCIAL RESPONSIBILITY/CSR

- Define/Elaborate on the meaning of CSR
- Describe/Explain the nature/ purpose of CSR
- Identify/Name/Outline the components of CSR, e.g. environment, ethical corporate social investment, health and safety, etc.
- Identify CSR programmes from given scenarios/statement.
- Evaluate/Explain/Discuss the impact of CSR on business and communities.

COOPERATE SOCIAL INVESTMENT/CSI

- Define/Elaborate on the meaning of CSI
- Describe/Explain the nature/purpose of CSI
- Outline/Name CSI focus areas, e.g. community, rural development, employees, environment.
- Identify CSI projects from given scenarios/statement.
- Explain/Distinguish/Differentiate between CSR and CSR.
- Evaluate/Explain/Discuss the impact of CSI on business and communities.
- Explain the differences between CSR and CSI

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SOCIAL RESPONSIBILITY

The meaning of social responsibility

- An ethical view point that says every individual/organization has an obligation to benefit society as a whole.

Term	Definition
Social responsibility	An ethical view point that says every individual/organisation has an obligation to benefit society as a whole.
Corporate	Refers to businesses/firms/organisations.
Corporate social responsibility (CSR)	The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
Corporate social investment (CSI)	The investment of corporate funds/other assets for the primary purpose of achieving social outcomes.
Contemporary Socio-economic issues	Current societal and economic factors that impact on the business.
Triple bottom line	Refers to the 3Ps that businesses should always consider in their operations, namely; PROFIT, PEOPLE and PLANET.
Sustainability	Using the resources in such a manner that future generations will be able to use them.
Well being	Caring for the needs of employees and the communities.
Demographics	Statistical data of the population in term of race, age and income.
Staff turn-over	Rate at which the employer has to replace their employees.

- The responsibility of every citizen individual/organization to contribute towards the well-being of the community and the environment in which they live.

Relationship/Link between triple bottom line and social responsibility

Profit/Economic

- Triple Bottom line means that businesses should not only focus on profit/charge high prices, but should also invest in CSI projects.
- Businesses should not make a profit at the expense of its community.

People/Social

- Business operations should not have a negative impact on/exploit people/ employees/customers/community.
- Businesses should engage/invest in sustainable community programmes/ projects that will benefit/uplift communities.
- Improve the life style/quality of life of their human resources/employees.

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Planet/Environment

- Businesses should not exhaust resources/harm the environment for production/profit purposes.
- They may support energy-efficient/eco-friendly products/production methods.
- Recycle/Re-use waste, e.g. packaging from recycled material.

Strategies to deal with HIV/Aids, unemployment & poverty

Strategies to deal with HIV/Aids

- Counselling programmes/train counsellors to provide infected and affected persons/employees.
- Develop counselling programmes for infected/affected persons/employees.
- Conduct workshops on HIV/Aids programmes/campaigns.
- Roll out anti-retroviral (ARV) treatment programmes (ART) for the infected employees.
- Encourage employees to join HIV/Aids support groups.
- Develop strategies to deal with stigma and discrimination.
- Participate in the HIV/Aids prevention programmes implemented in the community.
- Support non-governmental organisational/community based organisation/NPC HIV/Aids initiatives.

Strategies to deal with unemployment

- Provide skills development programmes through learnerships.
- Offer bursaries to the community to improve the level of education.
- Create jobs for members of the community.
- Provide entrepreneurial programmes that can promote self-employment.
- Support existing small businesses to create more employment opportunities.

Strategies to deal with poverty

- Invest in a young starting SME that can be a business competitor, buyer or supplier.
- Attract the best employees by being socially responsible and offering the best volunteering programs.
- Support poverty alleviation programmes that are offered by the government.
- Donate money/food parcels to local NGO's.

NOTE: Some strategies to deal with unemployment can also be used to deal with poverty.

Ways in which businesses could contribute to the wellbeing of their employees

- Pay fair wages/salaries to the workers based on the nature of their work/the prevailing economic conditions in the market.
- Working conditions should include safety/medical/canteen facilities/benefits like housing/leave/retirement, etc.
- Pay fair bonuses, based on business earnings, as acknowledgement for hard work and commitment.
- Provide for employees' participation in decision making that affects them.
- Provide recreational facilities for employees.
- Offer annual physical/medical assessments to workers.
- Make trauma debriefing/counselling/assistance available to any employee who requires these services.
- Offer financial assistance in the case of any hardship caused by unexpected medical costs.
- Allow flexible working hours to enhance productivity.
- Offer support programmes for employees infected and affected by HIV/Aids.
- Make childcare facilities available on the premises for working mothers in the business.
- Start a nutritional programme so that employees can enjoy one meal per day to keep them in a healthy condition.

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- Give time to staff to get involved in projects they choose/Allow staff to use some of the working hours to participate in the projects of their choice.
- Encourage employees to stay fit and healthy by getting them involved in health activities to minimize stress/substance abuse/obesity.
- Provide transport for employees who work unusually long hours.
- Establish coaching and mentoring programmes for junior employees.
- Conduct team-building sessions to improve employees' morale.
- Encourage employees to attend capacity-building workshops/training programmes/ staff-development programmes/team-development programmes.

Contribution of time and effort in improving the wellbeing of the community

- Business should improve the general quality of life of their community, e.g. invest in education, etc.
- Ensure that the product they supply do not harm consumers/the environment.
- Refrain from engaging in illegal/harmful practices such as employing children under the legal age/selling illegal substances, etc.
- Make ethically correct business decisions, e.g. not engage in unfair/misleading advertising, etc.
- Donate money to a community project/run a project to uplift the community.
- Provide recreational/sport facilities to promote social cohesion/healthy activities.

COOPERATE SOCIAL RESPONSIBILITY/CSR

Meaning of CSR

- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
- Corporate Social Responsibility/CSR is the way a business conducts its operations ethically and morally, regarding the use of human, physical and financial resources.
- Corporate Social Responsibility is an obligation required by law and benefits both business and society.

Purpose of CSR

- CSR programmes are internal programmes that businesses use to comply with laws and ethics.
- Key areas of concern are protecting the environment, the wellbeing of employees from the community and civil society in general.
- Businesses seek to promote public interest and do away with harmful practices without the need for any formal legislation.
- Business operations address Triple bottom line through CSR programmes by considering its impact on people, profit and planet.
- CSR aims at creating a safe working environment for employees.
- CSR programmes and activities the business undertakes to contribute positively to the community in which the business operates.
- CSR may take the form of a monetary donation to support local organisations

Components of Corporate Social Responsibility (CSR)

- Environment
- Ethical corporate social investment
- Health and safety
- Corporate governance
- Business ethics
- Employment equity

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- Supply chain/Distribution channel
- Customers
- Community

Impact of CSR/CSI on businesses

Advantages/Positives of CSR/CSI on businesses

- May attract experienced employees/increase the pool of skilled labour which could increase productivity.
- Positive/Improved image as the business looks after employees/conducts itself in a responsible way.
- A business may have a competitive advantage, resulting in good publicity/an improved reputation.
- Promotes customer loyalty resulting in more sales.
- CSI projects may be used as a marketing strategy to promote their products.
- The business enjoys the goodwill/support of communities.
- CSI projects promote teamwork within businesses.
- CSI helps to attract investors because of increased profits/income.
- Gives businesses tax advantages such as tax reduction/-rebates.
- Assists in solving socio-economic issues like poverty/unemployment, etc.
- The government is less likely to enforce issues through legislation to businesses that voluntarily participate in CSI projects.
- Employees feel as if they are making a difference in working for the business.
- It helps to retain staff/lower staff turnover as employees' health and safety are considered.
- Improves the health of its employees through focused CSI projects.
- Businesses become more community-based by working closely with the community to roll out skills development projects.

AND/OR

Negatives/Disadvantages

- Business may not be supported/Customers may not buy their products/services resulting in a decrease in sales.
- Small and medium enterprises find it difficult to implement CSI programmes.
- Detailed reports must be drawn up, which can be time consuming.
- Social spending reduces business/economic efficiency which makes it less competitive.
- Social involvement is funded from business profits which could have been used to the benefit of customers/reduce prices.
- CSI activities distract business focus from its core business functions.
- Businesses find it difficult to adhere to legislation governing CSI.
- It can increase financial risk, as programmes cost money and may impact negatively on profits.
- It is difficult to accurately measure the effectiveness of social investment.
- It is not easy to determine the exact needs of the communities, which may result in fruitless expenditure on CSI.
- Most managers are not trained/lack experience to handle social programmes.
- Employees may spend more time working on CSI projects instead of focusing on their core duties.
- Providing goods/services that meet the needs of consumers is, according to some stakeholders, already socially responsible.

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- Shareholders may receive less dividends, as some profits are spent on CSI.
- Some shareholders/stakeholders might withdraw their support from the business as they feel that social issues should be the government's responsibility.

NOTE: that the impact of CSR and CSI on business are the same

Impact of CSR/CSI on the community

Positives/Advantages

- Socio-economic issues are attended to which will improve the welfare of the community.
- Training opportunities in the community increase the possibility of appointments of members of the community.
- Implementing developmental programmes in the community improves entrepreneurial skills of communities.
- Provision of bursaries encourages communities to improve their skills.
- The standard of living of the community is uplifted/quality of life of communities is improved.
- Better educational facilities are established in poor communities.
- The provision of medical infrastructure improves the health of communities.

AND/OR

Negatives/Disadvantages

- Businesses are not always equipped to address social problems.
- Communities tend to be dependent on CSR programmes and struggle to take their own initiatives.
- Distribution of scarce resources to selected beneficiaries in the community may cause problems such as discrimination.
- Some businesses only participate in CSR initiatives to raise profit and do not really care for the community in which they operate.
- Businesses cannot meet the longer term needs of the society/Business cannot deliver sustainable CSR programmes.
- The benefits of the programmes may not filter to the intended persons within the community.
- Spending money on CSR programmes means the business has to recover expenses through higher prices which have a negative impact on the economy.
- Businesses tend to focus on CSR programmes that does not directly benefit the community.
- Less money is available for community projects during unfavourable economic conditions.
- Consumers are not easily convinced that a business is acting in the best interest of the community and the environment.
- A business often appears to benefit more from the CSR expenditure than the perceived benefits to the communities.

NOTE: that the impact of CSR and CSI on the community are the same

COOPERATE SOCIAL INVESTMENT /CSI

The meaning of CSI

- Refers to investment of corporate funds/other assets for the primary purpose of achieving social outcomes
- Money that a business budgets to provide solutions to social problems within the communities from which they draw their workers or where they make/sell their products/services.
- Projects that are not part of the normal business activities of a business and are designed and aim to benefit the community.
- The projects are not directly for purposes of increasing company profits.
- These projects have a strong developmental approach and utilise company resources to benefit and uplift communities.

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Purpose of CSI

- CSI aims at contributing towards sustainable development√ of its immediate communities. √.
- CSI is enforceable by law and government requires business to make CSI contributions.
- CSI projects play a positive role in the development of communities.
- CSI reveals a business's attitude towards the community in which it operates.
- CSI projects are long-term investment
- It is relevant to the South African context where socio-economic upliftment is such a priority.

CSI focus areas

- Community
- Rural development
- Employees
- Environment

Examples of CSI projects

- Donation to support local organisations
- Being involved in conversation projects
- Delivering services that government is unable/slow to deliver/ Building infrastructure
- Investing in job creation projects
- Providing adult basic education
- Teaching entrepreneurial skills
- Sponsoring arts and culture programmes
- Establishing programmes to promote early childhood development

Other examples of CSI projects from the scenario

JOE TRADING ENTERPRISE (JTE)

Joe Trading Enterprise is making large profits due the excellent service and quality of products offered to customers. The management of JTE has decided to invest some of the business profit in the community they operate in by doing the following:

- Buy school uniforms for needy learners
- Offer HIV/ AIDS prevention programmes
- Offer food parcels to alleviate poverty
- Donate money to social events that benefit the community directly.
- Fund additional lessons, for example Mathematics and Science

Identification of examples CSI projects from the scenario

- School uniforms for needy learners
- HIV/ AIDS prevention programmes
- Food parcels to alleviate poverty
- Donating money to social events that benefit the community directly.
- Funding of additional lessons, for example Mathematics and Science

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Differences between Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI)

Corporate Social Responsibility	Corporate Social Investment
- The intention is to change business practices.	- Actively committing money and resources to uplift the community.
- Focus is on increasing image and profits.	- Focus is on the upliftment of community without return on investment.
- Ensure that all internal CSI policies/ practices include stakeholders' interests/environmental issues.	- Ensure that CSI projects are relevant to the needs of communities.
- Often intended as a marketing initiative.	- Intended to benefit and uplift communities through social development.
- Projects are usually linked to the business, e.g. a manufacturing business offering to train the unemployed.	- Projects are external to the business and have a strong developmental approach.

Market Development

- It is a growth strategy where businesses aim to sell its existing products in new markets.
- This strategy involves finding new markets and new ways to distribute product

TOPIC: HUMAN RIGHTS, INCLUSIVITY AND ENVIRONMENTAL ISSUES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

HUMAN RIGHTS

- Outline/Name human rights in the workplace
- Identify human rights from given scenarios /scenarios
- Recommend ways in which businesses can deal with human rights in the workplace.
- Explain/Discuss the implications of human rights in the workplace.
- Explain human rights, inclusivity and environmental issues.

ECONOMIC RIGHTS

- Outline/Mention economic rights of employees in the workplace

SOCIAL RIGHTS

- Outline/Mention social rights of employees in the workplace
- Recommend ways in which businesses could promote social rights in the workplace.

CULTURAL RIGHTS

- Recommend ways in which businesses could promote social rights in the workplace.

EQUALITY, RESPECT AND DIGNITY AND ITS IMPLICATIONS ON BUSINESSES

- Explain the implication of equality, respect and dignity on businesses.

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DIVERSITY

- Explain/Elaborate on the meaning of diversity in the business.
- Outline/Name diversity issues in the workplace e.g. Poverty, inequality, race, gender, language, age and disability.
- Recommend ways in which businesses could deal with issues of diversity in the workplace, e.g.
- Discuss the benefits/advantages of diversity in the workplace.

ENVIRONMENTAL ISSUES

- Outline/Explain/Discuss the roles of the health and safety representatives in protecting the workplace environment, e.g. checking on the effectiveness of health and safety measures/identifying potential dangers in the work environment/ investigating workers' complaints, etc.
- Identify the roles of health and safety representatives from given scenarios.
- Explain the responsibilities of workers in promoting human health and safety in the workplace.
- Explain the responsibilities of employers in promoting human health and safety in the workplace.
- Suggest/Recommend ways businesses may use to protect the environment and human health.

Terms and definitions

Term	Definition
Human rights	The rights of all human beings irrespective of their gender/race/nationality or any other status
Inclusivity	Means that no one should be excluded because of their gender/age/ra language/disability
Environmental issues	Relate to preserving a clean/safe/sustainable environment.
Diversity	It means the workforce must include groups of a variety of people who are different in race/gender, class etc.
Poverty	Being unable to satisfy basic needs due to lack of income to buy goods/service
Inequality	Unfair differences between groups of people in society/When some have access to more wealth/status/opportunities than others.
Race	Classification of people according to their physical differences e.g. colour of their skin.
Gender	Refers to being male or female.
Disability	A physical or mental condition that limits a person's movements, senses, or activities
Religion	A belief in and worship of a superhuman controlling power, especially a personal God.
Age	The length of time that a person has lived or a thing has existed.
Culture	The ideas, customs, and social behaviour of a particular people or society.
Equality	The fact of being equal in rights, status, advantages etc.
Respect	A polite behaviour towards or care for somebody/something that you think is important.
Dignity	A calm and serious manner that deserves respect.
Economic rights	The rights each person has to be economically active.
Social rights	Right to welfare benefits.

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Cultural rights	A right to participate in cultural activities and events of your choice.

The meaning of the following concepts:

Human rights

- Human rights are rights that everyone must enjoy by mere fact that they are human beings
- They are protected by the Bill of Rights contained in chapter two of the constitution of the Republic of South Africa.

Inclusivity

- Means that no one should be excluded because of their gender/age/race/ language/disability.
- Businesses can achieve inclusivity by promoting equality, respect and dignity in the workplace.

Environmental issues

- Environmental issues relate to preserving a clean/safe/sustainable environment.
- Businesses should assess, control and address all the physical, chemical and biological factors in the environment.

HUMAN RIGHTS IN THE WORKPLACE

The following human rights are applicable in the workplace:

- Privacy
- Respect/Dignity
- Equity
- Freedom of speech and expression
- Information
- Freedom of association
- Free choice of a trade /occupation
- Labour rights/Freedom of assembly/Right to protest
- Freedom of thought and religion
- Freedom of movement
- Health care /food/water and social assistance
- Fair labour practices
- Education and training/universal right to basic education
- Safety/Security and protection/Life
- Freedom to choose your own language
- Access to labour court/institutions
- Freedom of slavery, servitude or forced labour
- Vote
- Children's right
- Freedom to choose your own language/ participate in own cultural life

Note: (These human rights should be viewed in the context of the business/workplace)

Implications of human rights in the workplace

Privacy

- Businesses may not violate the rights of the employees and clients.
- They should not provide personal information about employees to anyone else.
- Information on employees who have disclosed their HIV/Aids status/any chronic illness must be kept confidential.

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- It is illegal to read other people's emails/record conversations unless stated clearly and upfront.

Respect/Dignity

- Businesses must treat all employees with respect/dignity regardless of their socio-economic status.
- They should not force workers to do embarrassing or degrading work.

Equity

- Businesses must give equal opportunities/not discriminate against their employees on the basis of gender/race/religion/sexual orientation, etc.
- Equal pay for work of equal value.
- They should apply relevant legislation fairly on all levels.
- Managers should ensure that no employee suffers because of discrimination.

Freedom of speech and expression

- Businesses should allow open communication channels between management and employees.
- They should give employees a platform to raise their grievances without any victimisation.
- An employee should not be punished/discriminated against for voicing their opinion.

Information

- Workers should have access to information, including all information held by the government, e.g. policies/work schedules/employment contracts/labour laws such as BCEA/EEA/SDA, etc.
- Business needs to be transparent in their financial statements/Employees may request to see these statements with motivation.
- Employees should be informed/updated as new information becomes available.

Freedom of association

- An employer may not refuse employees to join the trade union of their choice.

Free choice of a trade, occupation or profession

- Every employee has the right to receive suitable training for positions at their place of work.

Safety, security and protection of life

- Employees should work in a safe working environment free from hazardous products/areas.
- Provide workers with protective clothing, e.g. gloves and footwear, etc.
- Comply to safety legislation such as OHSA/COIDA, etc.
- Take precautionary measures to ensure employees and their belongings are safe in the workplace.

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Labour rights/Freedom of assembly/Right to protest

- Businesses may not discriminate against any employee who opts to follow the correct process to strike/withhold labour.
- They should respect employees' membership to unions/taking part in legal strikes as long as the industrial action is within the law.

Freedom of thought and religion

- Businesses may not prevent an employee from practising his or her religion.
- Employees should be allowed to observe their religious holidays/given time off.
- Employees should be allowed to practise their religion without any fear.

Freedom of movement

- An employer may not prevent an employee from applying for any suitable position at another office of the employer/at any other business.

Health care/food/water and social assistance

- Employees should have access to clean water and sanitation at the workplace.
- Some employers subsidise healthy meals/arrange for primary health care services to be available on site.
- Businesses must promote the basic human rights, e.g. support workers living with HIV/Aids/those affected by occupationally related illnesses.

Fair labour practices

- Pay should pay fair salaries and wages.
- They must adhere to the terms and conditions of BCEA.

Education and training/universal right to basic education

- Employees should be sent for skills development training programmes.
- Coaching/Mentoring to prepare employees for managerial positions.
- Every employee has the right to training, including ABET training for employees who have little formal education.

Safety/Security and Protection/Life

- Employees must work in a safe working environment free from hazardous areas/products.
- Businesses should provide workers with protective clothing e.g. gloves and footwear.
- They should comply to legislation such as the OHSA/COIDA, etc.
- Employers should take precautionary measures to ensure employees and their belongings are safe in the workplace.

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- Employers should comply with legislation such as BCEA/Labour Relations Act.
- No business should threaten/apply pressure on/intimidate an employee, to perform a specific act.

Vote

- Businesses should ensure that their employees have time available to vote in general elections.

Children's rights

- Employers may not employ children of 15 years and younger.

Freedom to choose your own language/participate in own cultural life

- Employers may not discriminate against any employee's cultural/language choice.
- They must ensure that all employees are treated equally.
- Employers should have a detailed policy dealing with diversity in the workplace.

Access to Labour institutions/Court

- Employees have the right to apply to the CCMA/Labour Court for assistance, if discussions with the employer did not resolve any labour disputes.

Economic rights of employees in the workplace

- Free from forced labour
- Free to accept or choose work
- Fair wages/ Equal pay/ Equal pay for work of equal pay
- Reasonable limitation of working hours
- Safe and healthy working conditions
- Join, form trade unions
- Right to participate in a legal strike

SOCIAL RIGHTS OF EMPLOYEES IN THE WORKPLACE

Ways to promote social rights in the workplace

- Businesses should ensure that employees have access to clean water/social security.
- Encourage employees/Provide opportunities for skills training/basic education.
- Register workers with UIF to provide adequate protection in the event of unemployment/illness.
- Encourage employees to participate in special events, e.g. World Aids day.
- Provide health care services by establishing site clinics to give employees access to basic medical examinations.

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CULTURAL RIGHTS OF EMPLOYEES IN THE WORKPLACE

Ways to promote cultural rights in the workplace

- Provide the environment in which employees are free to use their own language when interacting with others during their free time.
- Encourage employees to participate in cultural activities.
- Allow employees to provide solutions to challenges from their own cultural perspective.
- Regular cultural information sessions will help employees to respect each other's culture in the workplace.
- Make provision for different cultures, such as food served in the canteen/entertainment at staff functions.
- Employ people from various cultural backgrounds.
- Employees should be trained on cultural tolerance.

Implications of equality, respect and dignity for businesses

- Businesses should treat all their employees equally, regardless of their race/ colour/age/gender/disability, etc.
- All workers should have access to equal opportunities/positions/ resources.
- Employers and employees need to comply with legislation with regard to equal opportunities/human rights in the workplace.
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power.
- Mission statement should include values of equality/respect.
- Training/Information/Business policies should include issues such as diversity/ discrimination/harassment.
- Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace.
- Ensure that employees work in an environment that is conducive to safety/ fairness/free from embarrassment.
- Orders/Tasks should be given respectfully and allow the recipient/employee to have a say in the manner in which the task should be performed.
- Treat workers with respect/dignity by recognising work well done/the value of human capital.

Diversity in the workplace

The meaning of diversity

- Diversity refers to the variety of people employed based on age/race/gender/ ethnic groups/disabilities/material wealth/personalities/how employees see themselves and others.
- Businesses employ people from different cultural backgrounds.
- Businesses should have systems in place to support diversity issues.

Diversity issues in the workplace

- Poverty
- Inequality
- Race
- Gender

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-
- Language
- Age
- Disability
- Religion/Faith
- Culture

Dealing with diversity issues in the workplace

Poverty

- Businesses should employ people from different socio-economic backgrounds/ status.
- Give previously disadvantaged individuals a chance to be educated by incorporating Adult Basic Education and Training (ABET) into training programmes of the business.
- Train all employees so that they can be able to deal with retrenchment.
- Reward employees for services well-rendered.
- Ensure that the prices of products are affordable for the identified consumer market.
- Sponsor learnerships for unemployed people/use grants received from SETAs to train more unemployed people from local communities.
- Train some unemployed people from local communities as part of a business's CSI projects.
- Offer subsidised meals/canteen facilities on the premises.
- Supply free uniforms to employees for safety purposes.

Inequality

- Implement equal opportunity policies when appointing new staff.
- Equal opportunities should be considered when promoting staff.
- Implement an Employment Equity Plan for the business.

Race

- Implement affirmative action policies as required by law.
- No discrimination should be made based on skin colour.
- Comply with the Employment Equity Act and BBBEE when appointing people.
- Ensure that the workplace is diverse by employing people from different race groups.
- When appointments are made, previously disadvantaged people should get preferential treatment.

Gender

- Males and females should be offered equal employment opportunities.
- Business directors should promote both men and women in managerial positions.
- Women should be employed to comply with EEA.
- Targets may be set for gender equity in the business.
- New appointments should be based on skills and ability.
- Introduce affirmative action by ensuring that male and female employees are remunerated fairly/equally.

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Language

- Business may specify that all communications should be in one specific language only and would expect employees to have a certain level of fluency in that language.
- Provide training in the official language of the business.
- Employ an interpreter so that everyone can fully understand what is being said in a meeting.
- All business contracts should be in an easy-to-understand language and should be available in the language of choice for the relevant parties signing the contract.
- No worker should feel excluded in meetings conducted in one language only.

Age

- Promotions should not be linked to age, but rather to a specific set of skills.
- A business may not employ children aged 15 or younger.
- The ages of permanent workers should vary from 18 to 65 to include all age groups.
- A business may employ a person who is older than the normal retirement age, provided that person is the most suitable candidate.
- Businesses must encourage older employees to help young employees to develop their potential.
- Young employees must be advised to respect and learn from older employees.
- The business should encourage employees to be sensitive to different perspectives of various age groups.

Disability/Physically challenged/People living with disability

- Business should provide employment opportunities for people who are physically challenged.
- Accommodate people who are physically challenged by providing facilities/ ramps for wheel-chairs, etc.
- Ensure that workers with special needs are not marginalised/feel excluded from workplace activities.
- Business should be well informed on how to deal with disabled employees.
- Policies and programs should accommodate the needs of people with disabilities.
- Create an organisational culture/climate that is conducive for people with disabilities.
- Employees should be trained on how to deal with colleagues with disabilities.
- Business should bring in external experts to help with disability and accommodation issues.
- Ensure that employees with disabilities are treated fairly.
- Focus on skills/work performance of the disabled worker, rather than his/her disability/possible problems he/she may pose in future.

Religion/Culture

- Business must be sensitive to special requests from different cultural groups, e.g. allow day(s) off for cultural holidays/festivals.
- Cater for special food/preparation methods in the workers' canteen.
- Businesses should acknowledge/respect cultural differences of employees.

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- The business may not discriminate against employees on the grounds of their cultural background.
- Business must not force employees to do work that could be against their religion.

BENEFITS OF DIVERSITY IN THE WORKPLACE

- Workforce diversity improves the ability of a business to solve problems/ innovate/cultivate diverse markets.
- Employees value each other's diversity and learn to connect/communicate across lines of difference.
- Diversity in the workforce improves morale/motivation.
- Employees demonstrate greater loyalty to the business because they feel respected/accepted/understood.
- Diversified workforce can give businesses a competitive advantage, as they can render better services.
- Being respectful of differences/demonstrating diversity makes good business sense/improves profitability.
- Diverse businesses ensure that its policies/practices empower every employee to perform at his/her full potential.
- Stakeholders increasingly evaluate businesses on how they manage diversity in the workplace.
- Employees from different backgrounds can bring different perspectives to the business.
- A diversified workforce stimulates debate on new/improved ways of getting things done.
- Employees represent various groups and are therefore better able to recognise customer needs and satisfy consumers.
- Businesses with a diverse workforce are more likely to have a good public image and attract more customers.

Environmental issues

Roles of health and safety representatives in protecting the workplace environment

- Ensure that protective clothing is provided /available to all workers.
- Identify potential dangers in the workplace
- Initiate/promote/Maintain /Review measures to ensure the health and safety of workers.
- Check/Monitor the effectiveness of health and safety measures with management
- Ensure that all equipment that is necessary to perform work are provided /maintained regularly
- Promote safety training so that employees may avoid potential dangers/act pro-actively
- Ensure that dangerous equipment is used under the supervision of trained/qualified workers.
- Ensure that workers' health and safety is not endangered by hazards resulting from production /processing/storage/transportation of material/equipment.
- Work together with the employer to investigate any accidents/complaints from the workers concerning health and safety in the workplace.
- Ensure that employers comply with COIDA

  NOTE: (Health and Safety Representatives are elected by co-workers to act on their behalf in resolving health and safety issues in the workplace.)

Responsibility of workers in promoting human health and safety in the workplace

- Workers should take care of their own health and safety in the workplace.
- Co-operate and comply with the rules and procedures, e.g. wear prescribed safety clothing.
- Report unsafe/unhealthy working conditions to the relevant authorities/ management.
- Report accidents to the employer by the end of the shift
- Use prescribed safety equipment

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- Take reasonable care of their own safety
- Inform the employer of any illness that may affect the ability to work.

Responsibilities of employers in promoting human health and safety in the workplace

- Provide and maintain all the equipment that is necessary to perform the work
- Keep the systems to ensure that there will be no harmful impact on the health and safety of workers.
- Reduce/Remove dangers to workers and provide personal protective clothing
- Ensure that the workers' health is not damaged by hazards resulting from production /processing/storage/transportation of materials or equipment
- Employers must know where potential dangers might be and take measures to eliminate or limit the harm
- Workers must be informed /instructed/and supervised to limit potential dangers to them/Emergency exit door signs should be visible to all employees
- Equipment must be used under the supervision of a designated trained worker
- Comply with safety laws which seek to promote a healthy working environment

Ways in which businesses could protect the environment and promote human health in the workplace

- Laws and regulations should be adhered to so that profits are not generated at the expense of the environment.
- Pollution and other environmental issues should always be considered in all business activities, e.g. safe disposal of waste/dumping of toxic waste, etc.
- Become involved in environmental awareness programmes.
- The environment can be protected by altering production techniques in favour of cleaner and greener technologies.
- Water for human consumption should be tested before it is used.
- Promote nature conservation by looking after natural resources.
- Minimise pollution, by re-using, reducing and recycling.
- Reduce consumption of goods/services which are environmentally unfriendly.
- Register/Engage with recognised institutions/bodies that promote green peace.
- Physical working conditions should always be worker friendly, safe and promote occupational health.
- Physical working conditions, e.g. adequate lighting/ventilation should be available and functional.
- Machines must be serviced/maintained regularly.
- Educate people about hygiene issues.
- Encourage employees to do regular health checks.

NOTE:(The focus should on how the business should do it)

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Introduction:

Forms of ownership refer to the type of business a business owner wants to register and start.

Various factors need to be considered before deciding on the form of ownership as they may have an impact on the success or failure of a business.

Overview

TOPIC	CONTENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Forms of Ownership	• Characteristics of various of forms of ownership • Advantages and disadvantages of • Contribution of the forms of ownership to the success/failure of the business in terms of the following criteria: Capacity Tax implications. Management: Capital: Division of profits Legislation/Legal requirements • Impact of the different forms of ownership on business success/failure	• Evaluate the contribution of the forms of ownership to the success/failure of the business in terms of the following criteria: ***Capacity***: Refers to the ability/potential of management to start and operate a business as planned. ***Tax implications***: The tax requirements of each form of ownership determine the impact of taxation on business success/ failure. ***Management***: Ownership impacts on management functions which determine the success/failure of the business. ***Capital***: Refers to the ability to obtain capital from various sources (e.g. own/borrowed capital). The amount of capital that can be success/failure. ***Division of profits***: Refers to how profit is divided between owner(s)/shareholders/ investors. ***Legislation/Legal requirements*** for establishment/starting a business impact on the establishment costs and time before a business can legally do business. • Evaluate the impact (positives/advantages and/or negatives/disadvantages) of the different forms of ownership on business success/failure

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Key concepts

These definitions will help you understand the meaning of key Business Studies concepts that are used in this chapter

Term	Definition
Form of ownership	The legal position of the business and the way it is owned.
Continuity	Continue to exist even if a change of ownership takes place, e.g a member or shareholder dies or retires.
Surety	If a person or business accepts liability for the debt of another person or business.
Securities	Shares and bonds issued by a company.
Limited liability	Loses are limited to the amount that the owner invested in the business.
Unlimited liability	The owner's personal assets may be seized to pay for the debts of the business.
Memorandum of Incorporation (MOI)	The document that sets out the rights, responsibilities and duties of shareholders and directors. (serves as a constitution of a company).
Sole Trader /Sole proprietor	A business is owned and controlled by one person who takes all the decisions, responsibility and profits from the business they run.
Partnership	An agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals.
Co-operative society	Autonomous association of persons united voluntarily to meet their common economic/ social needs/aspirations through a jointly owned and democratically controlled enterprise.
Company	A company is a legal person who has capacity and powers to act on its own.
Profit Companies	A company incorporated for the purpose of financial gain for its shareholders.
Non-profit company	A non-profit company is an association incorporated not for gain.
Public company	A public company is a voluntary association of ONE or more persons, governed by the company Act 71 of 2008, incorporated in terms of the Memorandum of Incorporation.
Private company	A private company is a voluntary association of 1 or more persons.
Personal liability company	A personal liability company is a voluntary association of 1 or more person.
State-Owned company	A state-owned company (SOC) is a legal entity that is created by the government in order to participate in commercial activities on its behalf.
Partnership Article	A document that contains exhaustive provisions with regards to the matters concerning the business and the partners.
Prospectus	Prospectus is a document inviting the public to buy securities/shares.
Annual General Meeting (AGM)	A meeting held once a year where the shareholders receive a report stating how well the company has done.
Directors	People elected to the board of a company by the shareholders to represent the shareholders' interests.

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Characteristics, advantages and disadvantages of forms of ownership

Forms of ownership	Characteristics	Advantages	Disadvantages
Sole proprietor	• A sole trader is a business that is owned and managed by one person. • A sole trader has limited company for expansion and lacks continuity of existence. • Responsible for all the financial/ management decision.	• Easy to control since it is a small business. • One owner so there is no disagreements. • Can make quick decisions without having to consult others.	• Difficult to continue and grow long term. • Owners has to rely on own decisions and could make incorrect ones. • If profits get too big may end up paying high tax in personal capacity.
Partnership	• There is no limitation on numbers of partners. • The partnership does not pay income tax, only the partners in their personal capacities. • Jointly liable for legal/financial/ethical problems.	• Partners are actively involved in. management and may use the ideas of other partners. • Not all partners need to be actively involved in management and would rather appoint competent managers. • Easy and expensive to establish/partners must draw up partnership agreement.	• Decision making can be time consuming as all partners have to be in agreement. • Some management tasks may be neglected, as one partner may leave it to others to complete. • Partners may disagree on how to run the business, which may lead to tension between them.
Private company	• The company name ends in (PTY) Ltd. • Public cannot buy shares in a private company • Limited liability, jointly shareholders and is a separate legal entity.	• Can obtain tax rebates if they are involved in SCI projects. • Capital can be increased by getting more shareholders. • The company and its owners (shareholders) are separate entities, which may encourage more people to join the	• Shares are not freely transferable, so less capital can be raised. • If the company fails to attract financially strong shareholders, it may hamper its growth opportunities. • Directors may not have a direct interest in the company, which can hamper growth and profit maximisation.

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		company.	

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Public company	• Requires three or more directors and one or more shareholders. • The name ends with Ltd. • Public can buy shares in company.	• The business has its own legal identity. • Easy to raise funds for growth through the sale of shares. • Can appoint a knowledgeable board of directors. • It is easy to buy and sell shares.	• Large capacity of the company can also lead to its downfall in that structure. • Large structure can result in decision making taking time. become too costly. • Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.
State owned company	• The company name ends with SOC. • Profits are distributed to all sectors. • Offer essential services which may not be offered by the private sector. • Requires three or more directors and one or more shareholders.	• Profits are distributed to all sectors. • Profits may be used to finance other state departments/reduce taxes. • Offer essential services which may not be offered by the private sector.	• May result to poor management as government is not always as efficient as the private sector. • A lack of incentive for employees to perform if there is no share in the profit. • Often rely on government subsidies.

FACTORS THAT CONTRIBUTES TO THE SUCCESS AND FAILURE OF THE FORM OF OWNERSHIP

CRITERIA	SUCCESS FACTORS	FAILURE FACTORS
	PARTNERSHIP	
Capacity	• Simple to establish a partnership entity. • Encourages expansion as more partners join the business.	• In large partnership, the partners may struggle to agree on business issues. • The more partners in the partnership, the more difficult it is to control expenses and partners' drawings.
Management	• Partners are actively involved in management and may use the ideas of other partners.	• Decision making can be time- consuming as all partners have to be in agreement.

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	• Not all partners need to be actively involved in management and would rather appoint competent managers. • Partners have access to expertise of other partners when tough decisions have to be made.	• Some management tasks may be neglected, as one partner may leave it to others to complete. • Partners may disagree on how to run the business, which may lead to tension between them. • Partners are agents of the partnership and bad management decisions may be forced onto other partners.
Capital	• Partnerships can be financially strong because many partners contribute. • Smooth cash flow as there is enough working capital.	• Partners may lose their capital contribution if the business fails. • Partners don't contribute skills which might be unfair to partners who also have skills. • Partners may not all have capital to put into business when needed. • Unequal inputs as some partners put in expertise instead of cash.
Legislation	• Easy and expensive to establish/partners must draw up partnership agreement. • Partnerships may apply for local tenders. • Partners are more motivated to make a success because their personal possessions are at risk.	• An oral agreement may create problems for partners in future which can affect its success. • Partners are jointly and severally liable for business debts. • Unlimited liability/ partners are jointly and severally liable for the debts of the business. • If one partner dies or retires, the remaining partners need to draw up a new agreement.
Taxation	• Partnerships pay VAT only on relevant products sold/services rendered which reduces tax administration. • The partnership does not pay income tax, only the partners in their personal capacities.	• Failure to comply with tax regulations by one or more partners may lead to business closure. • Individual tax paid by partners on income earned is higher than fixed tax rate percentage paid by companies/close corporations. • High-earning partners pay more tax, which may discourage other partners from joining the partnership. • Partners may withdraw more cash to reduce their tax burden which may cause cash flow problems for the partnership.
Division of profits	• Partners share profits according to their contributions.	• Amount of work done may not be equal to the amount of profit that each partner

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		receives.
PUBLIC COMPANY		
Capacity	• Can raise large amounts of capital as shares/ debentures can be sold to the public/shareholders. • Share capital clause in the Memorandum of Incorporation (MOI) may be changed to issue more shares. • May attract financially strong investors if share value increases/remain stable.	• Very costly to maintain infrastructure and large employee base. • Large amounts of capital required to start a public company. • Large capacity of the company can also lead to its downfall in that structures and processes may become too costly.

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Management	• Management is in the capable hands of a board of directors who have skills/knowledge/ abilities. • Shareholders can vote for/appoint the most capable directors to manage their company.	• Directors may not have a direct interest in the company, which can hamper growth and profit maximisation. • Large management structure can result in decision making taking time. • Directors' fees increase the company's expenses which reduces net profit. • Management may open to legal challenges if their reports do not comply with King Code 111.
Capital	• Can raise large amounts of capital as shares/ debentures can be sold to the public/shareholders. • Amount of shares available can be increased to raise capital.	• Shareholders are entitled to see a company's financial statements which impacts on the privacy of the company. • Growth is limited if sufficient capital cannot be raised. • Share prices change all the time and can lose their value.
Legislation	• The company and its owners (shareholders) are separate entities, which may encourage more people to join the company. • Limited liability allows for greater risk taking, which may lead to growth of the business. • Auditing of financial statements, gives shareholders the assurance that the business is being properly managed.	• Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted. • High formation/establishment expenses require large start-up capital. • Annual audit of financial statements is costly. • If a public company does not comply with legislation, its licence maybe withdrawn by the Companies and Intellectual Property Registration Office (CIPRO)/Companies and Intellectual Property Commission (CIPC.
Taxation	• Can obtain tax rebates if they are involved in SCI projects. • Can obtain government tenders and renew their licenses if they do not evade tax.	• Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.
Division of profits	• Profits could be split between company and shareholders. • Shareholders receive return on investment, when dividends are paid out according to the type	• Dividends are not always paid out which may discourage new investors. • Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that

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	and number of shares held in the company. • Large profits may be used for expansion/kept in a reserve fund for future growth.	is already financially struggling.

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	PRIVATE COMPANY	
Capacity	• Large amount of capital can be raised since there is no limit on the number of shareholders. • The company can access long term capital and therefore has good long term growth opportunities.	• It cannot grow into a very large business since it cannot invite the public to buy shares. • Restrictions on transferability of shares may discourage people from joining the company. • If the company fails to attract financially strong shareholders, it may hamper its growth opportunities.
Management	• Management is in the capable hands of a board of directors who have skills, knowledge and abilities. • Shareholders can vote for/appoint the most capable directors to manage their company.	• Shareholders have the power to elect suitable directors, but not all shareholders exercise their voting rights. • Directors may sometimes act in their own best interests, not in the company's best interests.
Capital	• Even though shares are not freely transferable, large private companies can raise considerable amount of capital.	• Large amount of capital cannot be obtained because capital contribution is only limited to private shareholders.
Legislation	• Procedures to form a private company have been simplified by the new Companies Act 71 of 2008. • Limited liability allows for greater risk taking, which may lead to growth of the business. • Auditing of financial statements (if required), gives shareholders the assurance that the business is being properly managed and supports raising additional finance. • There is no longer a limit on the number of shareholders in a private company. • A private company can benefit from government programmes if	• Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted. • High formation/establishment expenses require large start-up capital. • Annual audit of financial statements (if required) is costly. • If a private company does not comply with legislation, its licence maybe withdrawn by the Companies and Intellectual Property Registration Office (CIPRO)/Companies and Intellectual Property Commission (CIPC).

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	they comply with the relevant legislation. • Personal liability of share-holders does not affect the company's assets.	

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Taxation	• Can obtain tax rebates if they are involved in SCI projects. • Can obtain government tenders and renew their licenses if they do not evade tax.	• Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.
Division of profits	• High profits and good returns to shareholders indicate the success of a company, which increases the value of shares. • Profits generated can be re-invested to expand business operations. • Shareholders receive profits according to the type and number of their shares.	• Shareholders may sell their shares when dividends are low, resulting in a drop in share prices. • Dividends are not always paid out which may discourage new investors.
SOLE PROPRIETOR		
Capacity	• Easy to control since it is a small business.	• Difficult to continue and grow long term. • Difficult to get good, well-trained staff as they are expensive. • Owner has to manage and carry out all business functions.
Legislation	• No registration required to establish this business. • Expensive annual audit of financial statements is not required. • Unlimited liability may encourage the owner to work harder to ensure the success of the business.	• Personal debts and business debts are one. • Must comply with relevant municipal regulations to avoid closing down. • The owner is personally liable for the business debt; he/she may be reluctant to take calculated risk.
Taxation	• Owner only taxed on profits in personal capacity. • Depending on how much income the owner earns, his/her tax rate may be lower than the company tax rate. • If the owner earns below a certain threshold amount per year, no income tax is payable and the business's profits are thus not taxed.	• If profits get too big may end up paying high tax in personal capacity. • Failure by the owner to comply with personal income tax regulations could lead to substantial financial penalties imposed by SARS.

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Capital	• Capital can be carefully spent and managed. • The owner may be able to borrow money from a financial institution, especially if he/she has assets that can be used as surety for a loan.	• Limited capital available for expansion. • Cannot appoint people with large salaries. • Owner responsible for any capital borrowed.
Management	• One owner so there is no disagreements. • Can make quick decisions without having to consult others.	• Owner has to do all the administration, management and decision-making in the business. • Owners has to rely on own decisions and could make incorrect ones.
Division of profits	• Owner receives all profits from the business which can lead to capital growth.	• Owner needs to budget carefully so that business debts are covered. • If the owner does not make a profit, the income and livelihood of the owner may be severely affected.

TOPIC: PRESENTATION AND DATA RESPONSE

INTRODUCTION

Presentation of data and information forms a critical part of the work of managers and supervisors in any business. Convening business related information to other stakeholders in the business provides them with the information to make strategic, tactical and operational decisions. Presenters can learn good presentation skills to enable them to present more confidentiality.

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TOPIC	CONTENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Presentation and Data Response	• Factors that must be considered when preparing for a presentation/ before making the presentation.
	• Factors that must be considered by the presenter while presenting/during the presentation.
	• Factors that must be considered after the presentation/ handling feedback professionally.
	• Areas for improvement of the next/a future presentation.
	• Examples of non-verbal presentations
	• Designing a multimedia presentation to include visual aids
	• Effectiveness of visual aids.
		• Outline/Explain factors that must be considered when preparing for a presentation/ before making the presentation.
		• Outline/Explain factors that must be considered by the presenter while presenting.
		  ○ maintain eye contact
		  ○ use visual aids effectively
		  ○ move
		  ○ do not speak fast
		  ○ use pauses effectively, etc.
		• Explain how to respond to questions about work and presentations/handle feedback after a presentation in a non-aggressive and professional manner.
		• Discuss/Explain how to identify areas for improvement of the next/a future presentation.
		• Motivate/Make recommendations for future improvements based on feedback from presentations.
		• Give examples of non-verbal presentations, e.g.
		  ○ written reports,
		  ○ scenarios,
		  ○ types of graphs (e.g. line, pie, bar charts)
		  ○ as well as other types of non-verbal information such as pictures and photographs.
		• Discuss/Explain how to design a multimedia presentation to include visual aids, e.g.
		  ○ start with the text,
		  ○ select the background,
		  ○ choose relevant images/create graphs, etc.
		• Explain/Evaluate the effectiveness/advantages/disadvantages of visual aids.

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Key concepts

These definitions will help you understand the meaning of key presentation concepts that are used in this chapter.

Term	Definition
Presentation	The act of communicating information/data to an audience/stakeholders in an organisation.
Data Response	Interpretation and analysis of information provided.
Feedback	Information about a presentation by an audience which is used as a basis for improvement.
Non-verbal presentation	Presentation of information to an audience without using spoken words.
Visual aids	Refers to charts/pictures/images that help to clarify a point/enhance a presentation.
Tables	A set of facts/figures systematically displayed, especially in columns.
Graphs	Two-dimensional drawing showing a relationship between two set of variables by means of a line/curve/bars.
Diagrams	A drawing showing the appearance/structure/workings of data in a schematic representation.
Flipchart	A large pad of paper, bound so that each page can be turned over at the top to reveal the next page, used on a stand.
Hand-outs	Printed information provided to the audience to accompany a presentation.

Factors that must be considered <u>before</u> making the presentation

- List the objectives and main points of the presentation.
- Capture main aims in the opening statement of the presentation.
- Information presented should be relevant and accurate.
- Be fully conversant with the content of the presentation.
- Prepare a rough draft of the presentation with a logical structure that includes an introduction, body and conclusion.
- In conclusion, summarise the key facts and how it relates to the objectives/shows that all aspects have been addressed.

Factors that must be considered <u>during</u> a presentation

- Make eye contact with the audience and look in all directions.
- Be audible to the audience.
- Adjust your voice level and tone to avoid monotony.
- Add some appropriate humour in the presentation.
- Use visual aids effectively to enhance the presentation.
- Put the most important information first to capture the audience attention.
- Summarise the presentation in the conclusion.

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Factors that must be considered after making the presentation/ professional handling of feedback

- Ensure that you understand each question/what is being asked.
- Rephrase questions if uncertain, before responding.
- Listen carefully to each question and think carefully before responding.
- Address questions and not the person.
- Acknowledge good questions.
- Remain professional/polite/calm/non-aggressive.
- Do not get involved in a debate or argument.

Areas for improvement of the next/a future presentation

- Revise objectives that were not achieved.
- Use humour appropriately.
- Always be prepared to update/keep information relevant.
- Reflect on any problem/criticism and avoid it in future presentations
- Any information received as feedback from a presentation should be analysed and where relevant, used to update/amend the presentation.
- Reflect on the time/length of the presentation to add/remove content.
- Increase/Decrease the use of visual aids or replace/remove aids that did not work well.
- Reflect on the logical flow of the format/slides/application of visual aids.

Examples of non-verbal presentation

- Tables
- Graphs
  - bar graph
  - line graph
  - histogram
  - pie graph
- Diagrams
- Illustrations/Pictures/Photographs/Scenarios
- Written/Business reports
- Flip charts
- Handouts
- Slide shows

Factors to be considered when designing a multimedia presentation

- Start with the text.
- Select the background.
- Choose images/graphics that may help to communicate the message.
- Add special effects, like sound and animation
- Use legible font and font size

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- Keep slides/images/graphs/font simple.
- Make sure there are no spelling errors.
- Use bright colours to increase visibility.
- Limit the information on each slide.

Effectiveness of visual aids

POWERPOINT SLIDES	
Advantages	**Disadvantages**
• Easy to combine with sound/video clips • Video clips provide variety and capture th attention of the audience.	• Unable to show slides without electricity/data projector. • Less effective to people with visual impairments.
OVERHEAD PROJECTOR	
Advantages	**Disadvantages**
• Summaries/Simple graphics may be easi explained on transparencies. • Transparencies can be prepared manually electronically on the computer.	• Not easy to combine with sound/audio. • Unorganized transparencies may convey an unprofessional image.
INTERACTIVE WHITEBOARD/SMART BOARDS	
Advantages	**Disadvantages**
• Images can be projected directly from computer so no external projector is necessary • Additional notes that were added during th presentation can be captured on the compute after the presentation.	• Can only be used by a presenter who knows its uniqu features. • Cannot be connected to any computer as special/license software is needed to use it.
HANDOUTS	
Advantages	**Disadvantages**
• Meaningful hand-outs may be handed out at th start of the presentation to attract attention. • Copies of hand-outs can be distributed at th end of the presentation as a reminder of the ke facts.	• Handing out material at the start of the presentation ma distract the audience. • Some details might be lost/omitted as it only summarises key information.

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POSTERS/SIGNS/BANNERS/PORTABLE ADVERTISING STANDS/FLAGS	
Advantages	**Disadvantages**
• Useful in promoting the logo/vision of the busines • Able to make a positive impact when place strategically in/outside the venue	• Only focusses on visual aspects as it cannot be combined with sounds. • May not always be useful in a small venue/audience a it can create a 'crowded' atmosphere.
FLIPCHARTS/WHITEBOARDS	
Advantages	**Disadvantages**
• Mainly used for a small audience to note down sho notes/ideas. • Very effective in brainstorming sessions a suggestions are summarized/listed	• Illegible handwriting may not contribute to a profession image. • It is time consuming to prepare

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